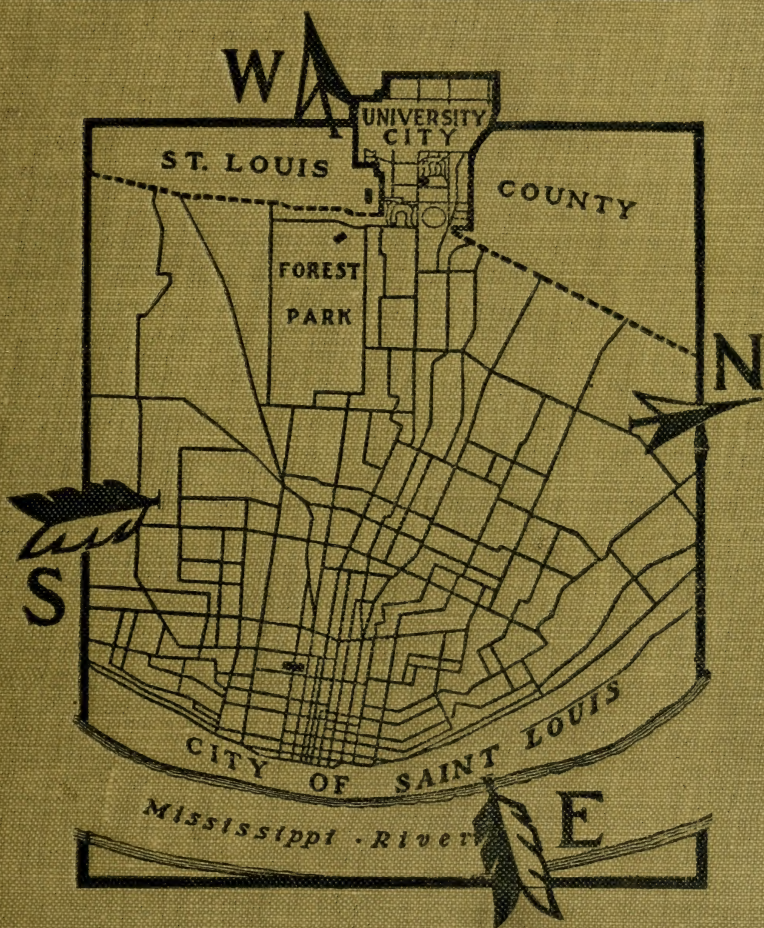


The Siege of University City



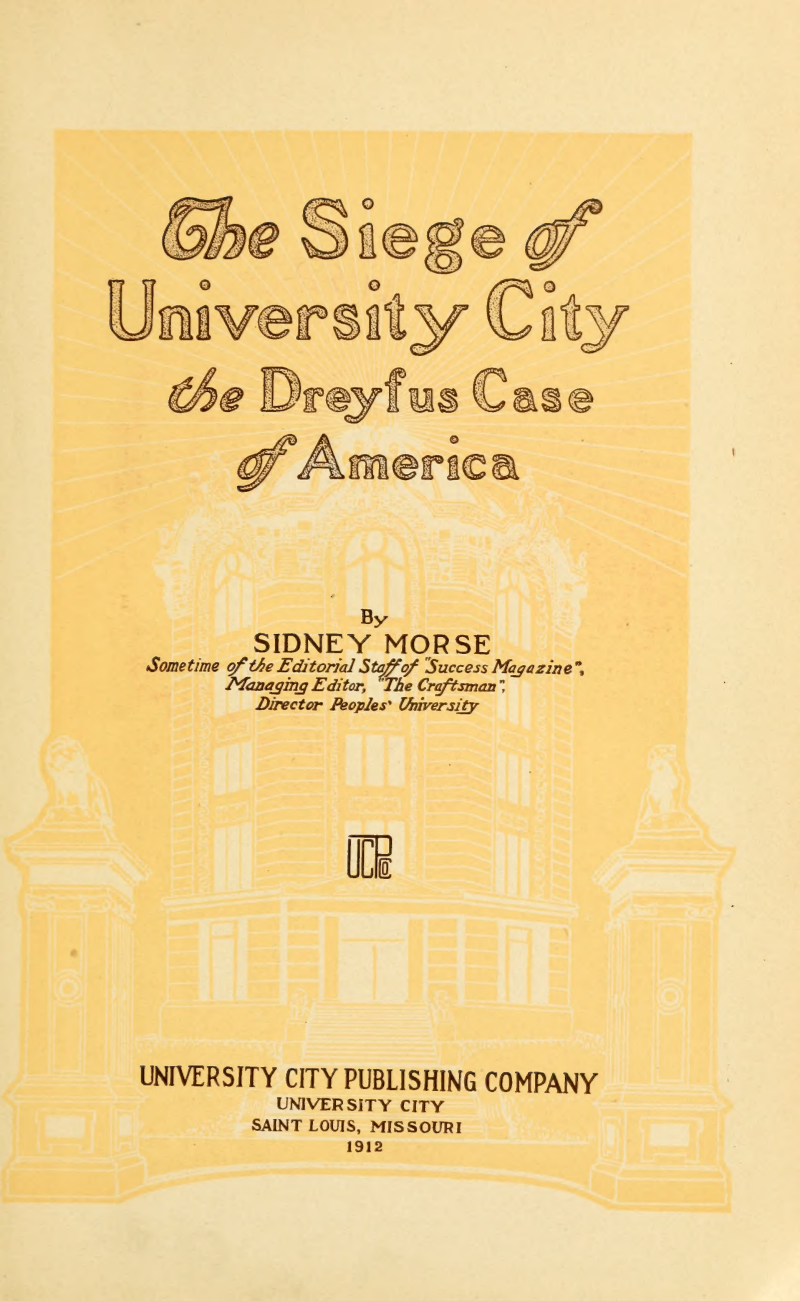


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KEEP YOUR FACE TO THE
SUNSHINE AND YOU CAN
NOT SEE THE SHADOWS
EDWARD GARDNER LEWIS.



The Siege of University City the Dreyfus Case of America

By

SIDNEY MORSE

*Sometime of the Editorial Staff of "Success Magazine",
Managing Editor, "The Craftsman",
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TO THE AMERICAN PEOPLE
WHO LOVE TRUTH, CHERISH JUSTICE AND
KEEP ALIVE IN THEIR BREASTS THE SPARK OF
ETERNAL VIGILANCE AGAINST OPPRESSION
WHICH IS THE PRICE OF LIBERTY
THIS VOLUME IS INSCRIBED
LEST WE FORGET

PUBLISHER'S NOTICE.

THE SIEGE OF UNIVERSITY CITY is sold *exclusively by subscription*. The Winner, the Woman's Magazine, and the Woman's Farm Journal, formerly numbered their readers by the millions. The investors in the Development and Investment Company, the People's United States Bank, the Lewis Publishing Company, the University Heights Realty and Development Company, and other Lewis corporations number many thousands. The membership of the American Woman's League is upwards of one hundred thousand. The enrollment of citizens in the American Woman's Republic bids fair to run far into the millions. There is not a town or village in America where persons directly connected with the so-called Lewis enterprises are not to be found. There is not a man or woman in America but has heard something of the Lewis case, and has some degree of curiosity to know the actual facts here presented. The notoriety of this case is world-wide.

THE SIEGE OF UNIVERSITY CITY is the only comprehensive and authentic history of the great Lewis case in existence. We propose to distribute at least a million copies of this book throughout the United States. To that end agents are wanted in every community. We will compensate any purchaser who will send us the name and address of an experienced solicitor, or other competent person, whom we can employ as local representative. Special blanks for this purpose will be furnished on application. Address the University City Publishing Company, University City, Saint Louis, Missouri.

P R E F A C E

Every newspaper man, every editor, every periodical publisher in the United States is aware that The Siege of University City is the greatest business romance America has ever known. The Indianapolis News deserves distinction as the only newspaper to investigate and print the facts. The New York Times once undertook a similar inquiry at the instance of former Governor David R. Francis, of Missouri, but this was thwarted by the peace negotiations then pending between Mr. Lewis and Postmaster-General Cortelyou. Except for these instances the press has been content to publish doctored news dispatches from St. Louis or to accept the inspired output of the Administration news bureau at Washington.

John V. Dittmore, now head of the Christian Science Publishing Company, in Boston, once brought the Lewis case to the personal attention of S. S. McClure, of McClure's Magazine, and Samuel Hopkins Adams, the distinguished journalist. Dittmore expressed to Lewis the hope that an investigation would follow. None was made. No journalist has ever taken up this theme. No magazine editor has ever assigned it as a subject for investigation. It has been conceded that no periodical publisher could afford to antagonize the Postoffice Department of the United States by giving publicity to anything approaching a true history of the Siege. Why? do you ask? Because there is not a publication in America which could not be excluded from the mails, nor is there a publisher who could not be financially ruined by the tactics that have obtained in this case. The arbitrary discretion exercised by the Postmaster-General under existing postal laws hangs like a veritable sword of Damocles over the periodical publishers of the United States.

I have sought at different times to interest a considerable number of journalists, editors and publishers of my acquaintance in the project of making the Lewis case the subject of a great magazine serial. I was informed, more or less pointedly, that not even the so-called muckraking magazines could afford to antagonize the power of the Postoffice Department. I must make one exception. One daring young publisher consented to handle the story. In his presence I submitted the proposition to the novelist, David Graham Phillips, whose "Treason of the United States Senate" was perhaps the boldest journalistic venture of modern times. Mr. Phillips promised, on the completion of certain manuscripts then in process, to visit University City in July, 1911, to make a preliminary investigation. Within a week he had met death at the hand of an assassin.

THE SIEGE OF UNIVERSITY CITY

On taking up the subject of printing this volume with the same publisher, by letter, a few months later, I received this reply: "I have not read the book, but if the plan which you and I discussed some time ago with David Graham Phillips had been carried out, I think that a sale of a million copies would have proved a very moderate estimate. There is no doubt but that there exists in this Lewis case one of the most gigantic business romances that has ever happened. I know that you see it in that way, and I assume you have had the book so written as to get the full benefit of the opportunity. * * * But, as I told you when we were discussing this matter with Phillips, Lewis has made so many strong enemies throughout the country that, while I sympathize with him and believe in him and his integrity, I should not be willing to run any risk of financial loss in the handling of this story. * * * I do not see what could be done to queer the sale of your book, if it is properly written; but with the knowledge of what was done to Lewis, I do not want to get my fingers burned in that fire." Inability to command the services of the journalists employed by the great magazines, and the unwillingness of periodical publishers to take up the subject on their own initiative, must be the writer's apology for venturing to break a lance in this arena.

In seeking to carry out, to the best of my own ability, the plan discussed with Mr. Phillips, I have gratefully availed myself of his masterly insight and admonitions. The first essential to a proper presentation of the Lewis case, he felt, was, that it must be approached in a sympathetic spirit. I recall vividly the scene of our interview in Mr. Phillips' spacious chambers at the National Arts Club in New York, overlooking quaint old Gramercy Park. I remember, also, the story of Abraham Lincoln's War-Secretary, Stanton, which Phillips told to illustrate his attitude toward Lewis. Lincoln was presenting to his Cabinet the merits and demerits of his three greatest generals as candidates for supreme command. The record of none was without flaw. Grant was accused of overfondness for whiskey. Sherman was charged with being too hot-tempered and profane. McClellan, it was hinted, was sluggish and over-cautious. "They all seem to be devils," said Stanton. "Now, what I want to know is, which of 'em is *my* kind of a devil." "The Postoffice Department," said Phillips, "has tried to make out that Lewis is a devil. But from all I can hear of him, he is *my* kind of a devil. In other words, most of the criticisms against Lewis are really due, I suspect, to the fact that, like myself, he is a radical.

"Don't commit the fatal blunder," continued Mr. Phillips, "of trying to keep back or cover up anything. If I undertake to write Lewis' story, I want to put all the charges against him into my first chapter. Then I want to freely admit the truth of every charge that can be substantiated. If Lewis has stolen any chickens, let

THE DREYFUS CASE OF AMERICA

me give the correct date, the name of the police judge by whom he was fined, and whether he got ten days or ten dollars. Let me first get all this out of the way. Then, when I go down the line after these Government officials and accuse them of destroying his business, if they start the hue and cry that I am trying to defend a chicken thief, all that will have been fully discounted." In the chapter, "Trial by Newspaper," and those next following, I have sought to obey this admonition.

As the plot of this story has evolved itself and fallen into true perspective, its horizon has seemed to widen. There has gradually developed, a three-fold interest, not merely personal, but also national, even historic. As a simple unadorned biography, no romance has ever gripped or held me with more absorbing human interest. As current national drama, one can feel in it the vital throb of great political and economic issues. As history, it thrills with the passion of the age-long Aryan strife for human freedom.

Lewis, a few years ago, was known throughout the Central and Far West as "the man who beat the United States Government." He is now more often called the Dreyfus of America. The change is significant. The battle has gone sorely against him. Only the unquenchable fires of the very temperamental optimism which creates and sustains antagonism to him, have prevented the shadows of tragedy from darkening about his path. For this story, viewed in its merely personal phase, is a tragedy. One of the tortures of the Inquisition consisted in piling great weights upon the victim's chest. Others were added. Then more. At last the power of human resistance was exceeded. The life of the strongest man was literally crushed within him. Lewis still breathes under the debts that have been piled upon him. But expense is constantly being added to expense. Attack follows attack. Indictment succeeds indictment. That the outcome must inevitably be some form of tragedy, unless relief shall come, seems too clearly manifest.

The mere personal equation of temperament and character, and of the spirit of the man who has sustained a contest so unequal, presents, to the moralist and biographer an alluring theme. But underlying all considerations of temperament, motive and other aspects of personality, are the national issues, the social, political and economic problems of the times whose interaction forms warp and woof of the changeful pattern of this story. Lewis figures not merely as a publisher of cheap magazines and women's newspapers. He appears rather as a pioneer in the transformation of a whole branch of the periodical publishing industry, namely, mail order publications. He is here seen not only as a promoter, but as an organizer of almost unlimited supplies of wealth through the aggregation of small savings. It was not his ambition to become a banker. Yet he founded the first mail order bank in America and later led the agitation for a national postal bank. To this the Post-

THE SIEGE OF UNIVERSITY CITY.

office Department at length has tardily yielded. Lewis projected, in the American Woman's League, the first great women's National co-operative industrial organization. He proposed, in the People's University, a new type of institution for popular education. He projected the University City Plan, for the transformation of the West End of St. Louis into a parklike City Beautiful through the co-operation of a group of real-estate owners. He first proposed the linking of University City with the heart of St. Louis by electric subway. These conceptions stamp him as a man of creative constructive intelligence of the highest order. Many millions of dollars in substantial property values have been added to the wealth of St. Louis by his projects and activities.

Lewis' editorial opinions on social and political topics are strikingly progressive, even radical. He has advocated in the Woman's National Daily, postal bank, parcels post and other progressive legislation. He has been outspoken in his opposition to the centralization of economic and financial power in the trusts. He has warmly advocated equal suffrage. He has espoused the moral issues of temperance, social purity, conservation of child life, and other movements with which the activities of women are most closely associated. While nominally a Republican in political affiliation, Lewis' views are colored by a personality which is essentially democratic in the broadest meaning of that term. A radical, an active innovator, a democrat of the democrats, the whole tendency of his life is liberal and progressive. His work has been, and necessarily is, antagonistic to the principles of conservation of vested interests for which the Republican party in America now stands.

There is something about this case which makes the blood boil, the nerves tingle and the arm instinctively stretch itself as if groping for some sort of weapon. One finds his thoughts turning upon such topics as the rise of Protestantism, and the English, French and American revolutions. One thinks of Luther, of Cromwell, of Patrick Henry, of the Adamses, men who raised single voices of protest in defiance of those who assumed to dominate and rule over them. The terrible fascination which the power to destroy appears to exert in the minds of underlings clothed with a little brief authority, recalls the atrocities of the Inquisition and the torments of the medieval torturers. The purpose of this volume is to suggest that the timely use of ballots today may prevent the untimely resort to bullets tomorrow. The abuse of administrative power is the death of democracy. It should be fought to the death upon its every manifestation.

SIDNEY MORSE.

University City, May 15, 1912.

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INTRODUCTION.

THE QUESTION OF TEMPERAMENT—THE QUESTION OF MOTIVE—THE MEN AND THEIR MOTIVES—THE KANSAS-BRISTOW-ANTI-DICE THEORY—THE PLATT-CORTELYOU THEORY—THE DREYFUS CASE OF AMERICA.

The spirit of despotism at war with the spirit of democracy; the East in conflict with the West; George Bruce Cortelyou of New York matched against Edward Gardner Lewis of St. Louis: this, in sum, is the theme of *THE SIEGE OF UNIVERSITY CITY*. The plot embraces a multitude of men and events. But the main action turns on the struggle of two human wills pitted, like a pair of gamecocks, in deadly combat. The issue may be narrowed to a question of opposing temperaments. These two men and their respective followers were mutually antagonistic. Each instinctively breathes the spirit and assumes the mental attitude of one of the two basic factions into which America (like all democracies) tends to fall, and the dissensions of which, like the mutual enmities of summer clouds, menace the Republic with the lightnings of civil strife. Cortelyou, the aristocrat, typifies *autocracy*,—the rule of one man over his fellows. Lewis, the democrat, typifies individualism and local *autonomy*,—self-government, equal opportunity for the many.

Came a day when their opposing interests impinged. Followed a clash of their wills like steel on flint, a mutual challenge, an open war. Each was the responsible head and leader of a nation-wide following. Cortelyou led the organized forces of the existing order. Lewis voiced the popular, but unorganized, demand for change. Neither would admit defeat. They fought on, unmindful of consequences. Battling over a national arena, not only did they involve their own followers. Many of the people themselves took sides and enlisted in the fray. Thus came about an incipient insurrection, a spectacle of national, even of historic moment.

Seen in this light, *THE SIEGE OF UNIVERSITY CITY* is more than a mere biography. This tragic story of a remarkable life, is typical of a phase of civilization in America of deep and abiding interest. Nay more. It is an episode of no mean significance in the age-long strife for human freedom. Once the reader's mind is attuned to this dominant note, *insurrection against autocracy*, this whole history falls into complete harmony. Let us strive throughout the din of charge and counter-charge which follows, to keep uppermost in mind the pitch of this clear bugle call.

I remember one summer afternoon in boyhood, taking a short cut across the hayfield after pitching a load of hay, to find a few

moments of coolness and comfort in my grandfather's shady sitting room, overlooking my grandmother's old-fashioned New England garden. I recall the incident plainly, after the lapse of years, for I then chanced on a copy of "Robert Elsmere." The opening words of that enchanting story are still blended in my mind with the peaceful atmosphere of that homely scene, redolent of summer odors, and vibrant with the droning of bees, and the creaking of the farm wagon under its top-heavy load of hay.

Much depends on one's introduction to an author. In some part, this summer scene may account for my growing liking for the writings of Mrs. Humphry Ward. I procured them one by one from the gray stone village library, and pored over them with ever increasing interest. But in large part my liking is explained by the insight of a kindly critic, who drew my attention to the fact that they were all primarily "studies in temperament."

My grandfather, a devout believer in Universalism, had procured this copy of "Robert Elsmere" under the impression that it contained a semi-historical account of the movement towards Liberalism tending towards the overthrow of orthodox religion. A closer view shows that the writer's theme is the effect, on a man of emotional temperament, of the shattering of the ideals and symbols of a devout soul, and the change wrought in a whole life by the wrench in passing from the ritual of the Church of England to the atmosphere of another and an alien religion. The art of the writer attaches the readers' sympathies so warmly to the personality of Elsmere as almost to sweep one, by force of emotion, to a like conclusion. But the main object really appears to be other than this. In its true light the story is seen to be a consummate portrayal of a special temperament, reacting under prescribed conditions.

The task of writing *THE SIEGE OF UNIVERSITY CITY* has been like finding one's way to the heart of a bewildering labyrinth. I have groped for months in the mazes of this story. I have brooded over many assertions and denials. But I have come upon no other clue leading to the centre of this much vexed controversy, than this thread of temperament that runs throughout the conduct of human life. Let me then set it down at the outset as my belief that the differences of opinion and conduct, clashing at daggers drawn throughout this tragic drama, have arisen mainly from inherent differences of temperament between the principal actors, Cortelyou (with his aids) and Lewis. The other figures on the crowded stage have been mere puppets caught up and whirled into action, by social, economic and political influences such as determine the destinies of every age, all the more certainly because most men are unconscious of being thus borne along.

Simply stated, I mean this: A cabinet officer of a Republican administration of the United States of America in the year of grace 1905, appointed from a metropolis by approval of the president of a great monopoly, is sure to be a man of extreme conservative

character. The editor and publisher of a Western mail order magazine circulating in rural districts, originator and promoter of a popular mail order bank, and many similar enterprises, is equally sure to be of opposite temperamental characteristics. No man lives to himself alone. The cabinet officer will be cautious and regular, actuated by the habits and impulses of his kind. The youthful editor and promoter will be daring and novel. The inevitable result of any opposition of their interests is apparent: a conflict of their wills, not simply as individuals, but as champions of great opposing forces. If the under currents involved are national in scope, and permanent in tendency, and the champions men of might and keen wit, the battle may well be of Homeric proportions.

THE PHILOSOPHY OF THE SIEGE.

Look for a moment at the stage setting of this drama. We are in a piece of wild cow pasture, just outside St. Louis. Here Lewis has built him up a city, University City, and established a large model printing press for his rural magazine. He has surrounded himself with gardens. He has erected a great Egyptian Temple. In this he has placed the great press of the Woman's National Daily.

It is Lewis' proud boast that the only daily newspaper for women is printed on the greatest press in the world. It is a big saying, characteristic of the man. Equally characteristic is the fact that it is true. Lewis bought out the only rival newspaper for women then published in Chicago. And he specially stipulated in his contract with the Goss Printing Press Company that "The Lewis" should be the largest and finest piece of printing machinery on earth.

The building in which this great press is installed was originally designed by Lewis for his mail bank. It was characteristically unlike any other bank building in the world. Instead of the bank it received the printing press. Since that day the doors have stood wide open. Crowds of visitors of all sorts and conditions of men, and especially women, have thronged the lofty skylighted hypostyle hall where typical phases of Occidental and Oriental thought confront one another in bewildering contrast. The visitor's sense of strange amazement is soon lost in sheer wonder at what many would regard as not only the greatest press, but the greatest pulpit of the age. For, from this centre went out the words of fire and of inspiration that have stirred a million homes.

What were the thoughts suggested to these different persons? The spectacle is inspiring. A half score broad ribbons of white paper stream into the monster's maw, to be almost immediately vomited forth tidily trimmed, folded and printed papers. On the morrow these papers, freighted with the latest news and opinions, and instinct with fiery messages, are to be presented by rural carriers throughout the United States to half a million homes.

Each bystander must react on this scene according to his experience. A child responds only to the bulk and roar of the monster

as a thing of terror or of fascination. A subscriber to the *Woman's National Daily* quickens with new interest at seeing the actual making of a paper that has grown to be a portion of her daily life. A stockholder tends to calculate on dividends. A student of social affairs ponders its editorial tendencies and influences. Only a practical newspaper man or publisher assumes the owner's standpoint, and forms a complete picture of the soul that centres in this machine.

He alone sees in imagination the lumbermen hewing timber in the Northern forest; the logs floating downstream to the mill; the wood being ground into pulp, the raw material of paper; the ground pulp taking its tortuous way among the vats and emerging into long sheets of paper threaded over the hot rollers of the intricate paper machine; the freighting and drayage of paper rolls, with the incidents of delay from strikes and untoward climatic conditions; the news-gathering by wire and cable; the work of copying and type-writing, putting into literary shape, and all the minutiae of editorial supervision; the mechanical details of composition in type; the stereotyping, and the making ready; the printing, mailing and distribution, including the work of the army of canvassers and other agencies of subscription; the advertisements, their solicitation, arrangement; and the whole office machinery of receipt and of payment. All, or most of these, are outside the experience of the casual observer. Only the publisher, the editor, the statesman, and the student of social history together, can adequately discern and appreciate the influence of such a mechanism upon the progress of human civilization. Yet all this and more is embraced in the vision of the press. Such is the purpose confided to its mighty mechanism. Without the press the realization of this vision of united energies and the achievement of its purpose, the distribution of popular education and enlightenment, would be impossible.

Whence came the press? Who made possible its manifold beneficence? Not the inky printer's devil; not the printers, nor the feeders, nor even the chief pressman. Their knowledge is limited to its manipulation. A serious breakdown demands the attention of the master mechanic, the press builder, who comprehends the intricate structure in its entirety. But the builder of the press is not in reality its maker. Its true origin must be sought elsewhere. Some one, before the press was, or could be, contemplating its whole vision and comprehending fully its intended purpose, had first to bring it into existence out of the realm of thought.

The inventor first gave being to the great machine. Brooding over the chaos of possibilities, like the spirit of creation at the dawn of Genesis, with closed eyes and idle fingers, he created the press out of pure mind stuff in the workshop of his imagination. Here he first reared the needful framework, and attributed to it the required rigidity. Thus he fashioned platen and roller, shaft and gear, feeding, printing, cutting and trimming apparatus, until the whole seemed complete and capable of executing its confided

purpose. Finally, still in thought, the inventor applied the necessary power; and experienced the creative joy of witnessing in the pure ideal the operation of the perfected mechanism. Every device that has come to bless or ban mankind has been thus first built in the imagination of some man, apart from the concrete materials of its construction.

The world has ever been, and ever will be, indebted primarily for the blessings attendant upon progress, to those few gifted individuals who possess this order of creative imaginative intelligence. All recognize the inventor and first maker of the great Goss printing press as a benefactor to the race. How much more are we forced to yield admiration to the superior intelligence which accepts so vast a completed mechanism from the inventor's hand as but a minor, though essential factor in the achievement of his far larger purpose.

That Edward Gardner Lewis is a man generously endowed by nature with this rare gift, a high order of creative constructive intelligence, I think no one who knows him, or knows the product of his life, will question. To the correlative endowment of such an imagination, namely, a temperament sanguine, buoyant, optimistic, I desire to draw attention. For without proper allowance for this, no such man's conduct is comprehensible. Lewis' creative gifts and his optimistic temper are inseparable. They are like substance and shadow. His imagination teems with creative visions. His temperament admits of no misgivings as to their practical realization.

An imagination like that of Lewis' embraces a press, a city, a nation, the whole world. It thinks in periods of time past, present, and to come. It grasps a tool, a trade, a whole industry, or a score of industries, with equal facility and versatility. His mental workshop is adequate to any undertaking. Mind stuff is plentiful. Potential energy is unlimited. All is in readiness for any emprise. And the atmosphere in which these imaginations glow is that of perennial summer bathed in perpetual sunshine.

Turning, by way of contrast, to the opposite extreme of temperament, one is reminded of the ancient poet who depicted the Adversary as going up and down the world among the sons of men, and appearing before the Lord to point out their short-comings and ask leave to test their sincerity and truth. Lest I be supposed to distort the meaning of this passage, I quote here a paragraph from the introduction to the book of Job in the well known Modern Reader's Bible, the application of which will be seen later in our story:

"The sons of God pass in review before the throne, and are questioned as to the provinces of the universe which they have in charge. Among them comes 'the Satan.' Most unfortunately, the omission in English versions of the article has led the popular mind astray on this incident. Unquestionably the word is the title of

an office, not the name of an individual. The margin of the Revised Version gives 'the Adversary.' The word expresses that he is the adversary of the saints in the same way that an inspector or examiner may be considered as adverse to those he inspects or examines. It is easy to understand how such a title should pass over to form the name of an individual—the Adversary of God, Satan, the Prince of Evil. * * * Those who come to this work with the association of the other 'Satan' not entirely dismissed, see in the attitude of the Adversary personal malignity. I can not. No one would see a sinister motive in a scientific experimenter, who revised his plans because his experiment was shown to be one degree short of being exhaustive."

Students of comparative literature will note the similarity between the function here attributed to the Adversary and that assigned by Goethe to the Mephistopheles in Faust. The Adversary, the inquisitor, the prosecutor, the sheriff, even the hangman, or other executioner, have their undoubted place in the great social manifold. Each in proportion to the sincerity and efficiency of his services, is entitled to the respect and appreciation of mankind. But such avocations imply what may be called the inquisitorial temperament, a mental habit diametrically opposed to that which accompanies the labors of constructive idealism.

The inventor who, with boundless optimism, has created in the sunny chambers of his imagination a device that the world will not willingly let die, occupies the antipodes of thought from the capitalist to whom he may appeal for financial assistance; or from that of the inspecting engineer who ruthlessly applies every known stress to test the practicality of the mechanical model. An invention may be sound; a model, unsound. Thus will come about controversy and disagreement. A later model which more truthfully externalizes the inventor's ideal, may command the unhesitating approval of both capitalist and engineer; and may win the plaudits of an admiring world.

Not infrequently the inventor's original conception, while ideally perfect, can not be made to work at all in available materials of construction. The inventor in such cases is ideally right, but practically wrong. He then requires the co-operation of practical mechanicians to modify or adapt his ideal to the needs of reality. Many of the noblest dreams of the greatest constructive imaginations of all ages have failed, or been retarded in realization, for the want of such sympathetic practical co-operation.

The mind of Lewis produced in the realm of the pure ideal during the period of this story, conceptions of periodicals, banks, universities, homes, cities, and their every appurtenance, in a kind of ecstatic exaltation that was almost without conscious effort. His problem was to externalize them rapidly enough to make way for new conceptions crowding thickly upon their heels. Money was required. But each of these undertakings would represent vast

increments of value. Lewis proposed that those who would furnish the wherewithal to externalize his conceptions should share freely in the resulting gains. Why not? The workshop whence came these creative visions was still available; rich, as far as he could see, with an opulence beyond all possible demand.

The conceptions of Lewis were desirable; so desirable, indeed, that thousands of people became enthusiastic to see them carried out. He set to work to put his ideals in practice, and on the largest scale. The ideas he conceived were vividly expressed on paper. Plans and models followed; these were no sooner seen than admired. That they did not always work as he intended without adaptation is an experience common to every inventor and creator. Time and continued adaptation to practical detail were needed. Premature interruption meant death.

Now the test of the inventor is his model. Does it work? Here is the great question of the capitalist and the engineer. By their very temperament these men are constrained to suppose that possibly it will not work. Their business, before approving any new contrivance, is to disclose faults of construction that might develop under workaday conditions. Many an inventor has besieged the doors of capital for a life time, and in the end carried his cherished invention unrealized to the grave.

Lewis applied his inventive mind to this problem of securing adequate capital, and took a short cut to obtain it. After working for a time with a small group of capitalists, he turned from them and took the whole world into his confidence. He appealed to the masses. They understood him. They sympathized with his views. More, they assisted in the realization of his visions. They provided the needed capital; and awaited the results.

That is to say, many persons of like buoyant temperament among the masses co-operated with him. Not all. Those of the opposite, the inquisitorial temperament, did not approve. Being themselves denied the rich gifts of creative imagination and optimistic hopefulness, they honestly did not believe his brilliant schemes were feasible. Moreover, there was wanting the one test, that of practical experience. The like had not been done before. All such conservative individuals drew the attention of others like-minded with themselves, and, especially those in higher positions of authority, to the nature of Lewis' undertakings. Professional inquisitors were soon employed. Duty, as these men conceived it, required them to demand for every new device, whether social or mechanical, a complete working model that could withstand every conceivable test and strain. And they required the suspension of all financial activity until such model had been subjected to satisfactory trial.

There, I think, you have the crux of the whole Lewis controversy in a nutshell. Lewis boldly announced that the *Woman's Magazine* and the *Woman's National Daily* were destined to become the

greatest periodicals in the world. He predicted that the People's Postal Bank would be one of the greatest financial powers in the Nation. University City was to be the most beautiful of municipalities. The American Woman's League, and the People's University, were projected by him as well within the possibilities of rapid and complete realization. Persons gifted with creative imagination and its accompanying optimism tend to be readily persuaded that Lewis was not only thoroughly sincere in these beliefs, but that he may have been justified in his opinions. Persons of the inquisitorial type of mind look about in vain for working models of any such social, commercial and economic machinery. Lacking what they deem the one sure test of practical experience, their minds instinctively repudiate Lewis's pretensions and stigmatize them as the consciously fraudulent mouthings of a despicable charlatan. It is but one step in the thought of such persons from this position to the conclusion that it is their bounden duty to protect their more visionary brothers and sisters from the financial sacrifices of over-optimism. Such a belief, if sincere, demands action, and instant action. Soon after this, the whole inquisitorial machinery is in full swing. The ill-starred promoter of ideals is doomed.

The saddest thing about this case is the apparent absence of any intelligent co-operation on the part of those highest in authority; of any wise discrimination and aid which might have suggested how the new social and economic machinery devised by Lewis could have been carefully modified and adapted to existing conditions and so brought to final success.

THE QUESTION OF MOTIVE.

Closely allied to the question of temperament is that of motive. What motives actuated Lewis and his associates in building up his enormous enterprises? What motives impelled the men who brought about the catastrophe, and from a state of picturesque beauty, and busy profitable industry, laid University City in a state of siege?

Every year of psychological study adds something to our knowledge of the inner workings of the human mind. We are beginning to understand inner causes. Lovers of Dickens will remember the unhappy consequences to Mr. Wickfield, in *David Copperfield*, of taking it as a working theory that every person is actuated through life by a single dominant motive. The action of the mind far more resembles that of the great combination lock on the modern safety vault, than that of a single steel spring. The bolts of these locks are controlled by a series of contrivances called tumblers. As the lock is manipulated, first one tumbler, then another, is released or engaged. The last in the whole series must be reached in order, without error of manipulation, before all can be operated together. Then the bars can be shot freely to and fro. A condition of single mindedness, that is, of being controlled in any action by a single motive, is extremely rare, if not absolutely impossible. Most per-

sons would be surprised if they could become conscious of the interplay of emotions and impulses in their own minds. The last motive in a whole series leading to an important act or line of conduct is, in fact, most often the one least consciously regarded.

With what motives did Lewis organize the Lewis Publishing Company? What motives led him to propose and organize the People's Bank? Why did he organize the Development and Investment Company; or propose the University City Improvement Plan; or start the American Woman's League, or any of his other enterprises? The true answer is perhaps as deeply hidden from the man himself as from the public at large. Was it desire for wealth, for power? Was it philanthropy? Was it an aspiration to exert his strength in the control of new forces working to the advancement of mankind? Was it a crude effort of a youthful mind striving to manipulate levers of a vast machinery of organization and finance, the proper purposes and functions of which he was unable fully to comprehend? Or was it the sane and rational activity of a master mind, carrying out the studied plans of a foreordained and competent leader?

Then again, with what motives did the complainants against all these institutions—the postoffice inspectors and other officials and inquisitors—proceed steadily on lines that compassed their destruction? What motives guided the pen of George B. Cortelyou when, on a certain night, he signed the Order Number Ten that wrecked the People's Bank? What were the motives that caused him to sign the letter of withdrawal of the second class entry that suddenly stayed the entire publication of the Woman's Magazine and Farm Journal? Quite possibly the final impulse of decision sprang from motives unconscious and unregarded, motives hidden deeply in the roots of mental habit, motives acquired subconsciously from long living in the environment of conservative departmental and practical governmental affairs. We cannot tell. But we can and must surmise.

THE MEN AND THEIR MOTIVES.

Now, to establish a suspicion, or support an accusation against any man, of a wholly interested or an utterly unworthy motive, is extremely difficult. A man in front of a rattlesnake, or at a fire, or in a serious crisis of government, may be, and often is, unconscious of the unloosing of the deep seated springs of action within himself, which, operating through a long chain of previous reasoning, results in sudden and decisive action.

Manifold are the screens which conceal the secrets of departmental action from the public gaze! Difficult and dangerous to impute motives! Yet a proper judgment as to the equities of the Lewis case can hardly be reached without pondering well the motives of several public functionaries.

Postoffice Inspectors Dice, McKee and Sullivan in St. Louis, were all investors in Lewis enterprises. Travers, chief clerk in the office

of Madden, who was then third assistant postmaster general at Washington, contributed shorthand lessons to the Winner Magazine. Barrett, assistant attorney-general for the Postoffice Department, on the occasion of the winding up of Lewis' first great enterprise, the Progressive Watch Company, by order of the postoffice, accepted from Lewis the friendly gift, or parting testimonial, of a sample gold watch. Shortly after retiring from the Postoffice Department, Barrett was retained by Lewis as counsel for the Controller Company of America. Later he also appeared as counsel before Madden on the occasion of the citation of the Winner Magazine, in 1902, to show cause why its second-class entry should not be withdrawn. Complaints against the Winner Magazine were referred to Inspectors Dice, McKee and Sullivan as part of their official duties. They made no adverse recommendations. The hearing on the Winner Magazine held before Madden, with Barrett as Lewis' attorney, and Travers, Madden's chief clerk, resulted in no unfavorable action. When, later, charges were brought by other inspectors against the Woman's Magazine, successor to the Winner, and recommendations were then made that its second-class privileges be withdrawn, Madden refused to concur. Nor could final action against the Woman's Magazine be secured by the inspectorial service, until Madden himself had been asked to resign "for the good of the service."

There are several considerations of motive here evident. The inspectors, who throughout maintain an attitude of utter distrust of Lewis' honesty, hold that his motives in his relations with the above mentioned postoffice officials and others were evidently bribery and corruption. Further, while there is nothing on record directly to prove that Madden, while a postoffice official, ever was in any way the beneficiary of Lewis, yet the inspectors can point to the fact that some months after leaving the service, Madden, like Barrett, became an attorney for Lewis to present the case of the Lewis Publishing Company before the United States Court of Claims. The inspectors hold that this proves that Madden had been an obstructionist to public policy in the Department over the Lewis case, from interested and unworthy motives. Their attitude towards Madden points to suspicion on their part, that he, like Barrett and Travers, may have received, in some manner undisclosed, benefits at the hands of Lewis. Money was plentiful. Lewis distributed favors widely. The motives of bribe-giver and bribe-taker are freely attributed to him and to all officials of the Postoffice Department who have in any way shown him leniency or favor.

If the motives of Lewis himself are difficult to see; if the motives of the members of Government and of the postoffice are deeply hidden, what are we to say of the motives of the men who have stood forward and publicly accused Lewis as a fraud?

These are principally four: a man named Nichols, an old employee and co-partner of Lewis; William Marion Reedy, the editor

of the St. Louis Mirror; the reporter Betts of the St. Louis Post-Dispatch, and a discharged employee, one I. K. Parshall, who turned informer. To the writings of these men we can trace definitely a chain of events which led to this tragic downfall of a popular ideal.

The first definite attack of any kind upon the People's Bank appeared in the Mirror. This is a St. Louis weekly literary journal, of local circulation, sometimes supposed to be subsidized, or at least aided by what is locally known as the "Big Cinch," a loosely defined group of St. Louis monopolists. However this may be, some articles certainly appeared on the subject of the People's Bank, in the Mirror, written and signed by Reedy. The bank was characterized outright as a fraudulent scheme. This caused comment; but perhaps not more than such an article would cause in an adverse strain in a similar paper on any new financial enterprise. Often the tone of such articles changes when the new concern begins to advertise. But in this case dire results followed, because of what happened afterwards. The first of the articles was clipped from the Mirror by Howard E. Nichols, with a definite and well considered purpose. Nichols had been formerly associated with Lewis, as secretary and treasurer of the Mail Order Publishing Company, publishers of the Winner, and had left suddenly under circumstances to be hereafter narrated. The clipping was placed in an envelope, accompanied with an abject letter of confession of trickery on his own part by Nichols, and with a scurrilous accusation against Lewis as an accomplice and a fraud. It was directed to the one man who could be supposed to act quickly and decisively, namely, William Loeb, Jr., private secretary to President Roosevelt. Loeb, presumably, did not know anything of the matter, but sent it, with all the weight of his authority, to the right quarter for dealing with such an accusation, namely, the Postoffice Department at Washington. The governmental machine was thus set in motion.

The letter of Nichols and the cutting from the Mirror came back from Washington to the St. Louis division of postoffice inspectors. On the basis of this letter, and of sundry complaints, the possibility of which is inherent in any widespread scheme for interesting the masses, definite cases were made up against the Lewis enterprises. Investigations were held. Lewis announced his readiness to do whatever was suggested. But what was recommended by Postoffice Inspectors Jas. D. Stice and W. T. Sullivan was that a fraud order denying entirely the use of the mails be issued against the People's Bank; and that the privilege of second-class entry at the one cent a pound rate (by which alone cheap magazines can live) be withdrawn from both his popular magazines, the Woman's Magazine and the Woman's Farm Journal.

If these suggestions had been carried out by the authorities, this procedure would at one stroke have wiped Lewis out completely,

and would have inflicted enormous losses on tens of thousands of innocent investors.

The inspectors' reports were given to the Inspector-in-Charge, Robert Fulton, at St. Louis. By him and with his approval, they were transmitted to Vickery, Chief Postoffice Inspector at Washington. He referred the case against the People's Bank to the Assistant Attorney-General for the Postoffice Department, Russell P. Goodwin. The case against the magazines was sent to Madden. This latter was left over. But Goodwin recommended to the Postmaster-General, Cortelyou, that a fraud order against Lewis and the People's Bank be at once issued. We are now at the point of real decision. Cortelyou, wishing to act legally, delivered the papers to Attorney-General Moody, for an opinion. Moody found the process legal, and by his assistant, Hoyt, advised that "upon the facts submitted" the proposed fraud order would have the due sanction of legality.

George B. Cortelyou, thereupon, we may imagine, withdrew into the private office of the postmaster-general in the majestic Post-office Building in Washington. Having first secured himself from interruption by instructing his uniformed attendant to deny him to all inquirers, he proceeded to review the Lewis case "upon the facts submitted." At last, taking pen in hand, he crossed the Rubicon by attaching his signature to the fateful fraud Order Number Ten. Thus was Lewis' doom sealed. The People's Bank was ruined.

In the meantime the inspectors' report and recommendation as to the withdrawal of the privilege of second-class entry from the Magazine and the Farm Journal, had been referred in due course to the bureau of Third Assistant Postmaster-General Madden. There, under circumstances which will appear, the report lay pending nearly two years. In February, 1907, the resignation of Madden was demanded "for the good of the service." This left the post of third assistant postmaster-general vacant. There was then no special official left to decide this question.

Once more, in imagination, we may see Cortelyou retire into his private office to review for himself this troublesome Lewis case. Once more his decision is adverse. In the closing hours of his administration, he took the long debated matter in hand. Almost as his last official act, he affixed his signature to a letter to the postmaster at St. Louis commanding the withdrawal of second-class privilege from both the Lewis publications.

Now is Lewis doubly doomed. Nothing but his own unflinching spirit and the loyalty of his thousands of women subscribers and friends could ever have given him the vestige of a chance. That he is now, despite indictment after indictment which followed, still upholding these same ideals, still fighting, still issuing his paper, is cause for unstinted admiration for his pluck, courage, and determination; even though we look upon his life as a tragedy, and of the

losses of his thousands of investors all over the country as a still deeper tragedy.

Nichols is a halfbreed of Spanish blood of some natural shrewdness and sagacity in business affairs, who became dissociated from Lewis under certain very suspicious circumstances. He is now a seller of hairdye in St. Louis. Lewis and he were and are enemies. Nichols' letter to Loeb shows plainly enough his temper, his education, his character. It was written according to his own testimony when the contrast between his own poverty at Christmas time with only twenty-five cents in his pocket, and Lewis' amazing prosperity was vividly present to his imagination.

William Marion Reedy, editor of the *Mirror*, a well-known man about town in St. Louis, is a character fit to challenge the pen of a Dickens or a Maupassant. Reedy may be aptly hit off in a single phrase, as the antipodes of a Puritan. His publication combines some of the characteristics of the notorious *Town Topics* of New York with others of Elbert Hubbard's *Philistine*. Reedy himself, while somewhat corpulent in body, is a man keen of mind, light, witty, apt at conversational repartee, and versed in every form of shrewdness, sensuality and savor. Apparently devoid of the finer moral scruples, fixed principles, or whole-hearted spiritual convictions, Reedy is nevertheless a literary artist of no mean order. The freedom with which he spices and garnishes his weekly editorial diet of scandal and travesty of local happenings and personalities, amuses and entertains a certain dilettante class of readers. The *Mirror*, like venison which epicures prefer "high," that is, slightly rotten; or like Camembert cheese, which some regard as best when "soft," i. e., meltingly decadent; requires a cultivated taste to enjoy. Happily its influence is ordinarily confined within the pale of its limited local circulation.

Nichols, whose office was adjacent to that of Reedy downtown in St. Louis in the Ozark Building, has testified that Reedy, meeting him in the hall one morning, remarked in substance:

"I spent the day yesterday with your old partner Lewis. He has a fine home out there; but is a rotten judge of whiskey. He's getting rich. Do you think he can stand the gaff?" Nichols, averred later that he did not know what the "gaff" might be; but replied that he "Did not know." Said Reedy, "I think not;" and thereupon published the famous first of his attacks against the People's Bank.

What was Reedy's motive in publishing this article? Was it to protect the people, or to gratify the desires of his subscribers for a sensation? Was it to satisfy his own curiosity as to the result of the gaff? Did he imagine that this instrument for landing a fish might bring Lewis to negotiate next week for a writeup in the *Mirror* of a different sort?

Reedy remarks in one of his articles that if certain bankers and capitalists of St. Louis, naming them, would assure him that the

project of the People's Bank was sound, he would withdraw all criticism and opposition. Were these bankers and business men interested in local newspapers, railroads, real estate or banking interests that would be in any way seriously affected by Lewis and his bank? Did they make known to Reedy that the People's Bank was objectionable to them? Did they express to him the opinion that Lewis was an undesirable citizen, and should be squelched?

The idea that Reedy's true motive in attacking Lewis was the protection of the investors of the bank, or that he was conscious of a sense of duty, if depicted in an after-dinner speech, would simply convulse to the verge of hysteria a group of the St. Louis newspaper men and bon vivants who know him. It may be safely assumed that Reedy had some good business reason for devoting space in the Mirror to the People's Bank and E. G. Lewis. It was not simply to fill up space. Whether his motives were those of the muckraker, the blackmailer, or the subsidized press agent of opposing interests, is a secret which may be known only to himself. The truth is never likely to come out.

Postoffice Inspectors Stice, Reid and Sullivan, whose names appear again and again in this story, are men whose motives are of little consequence. They were mere cogs on the wheels of a departmental machine, for the movement of which they were in no true sense responsible. They were told to investigate, and they investigated. Their business was to find out what was wrong. They proceeded on the theory that if the Lewis enterprises were honest and properly conducted nothing adverse to them could be discovered, even upon the most rigid investigation; and that if not so conducted they ought to suffer the consequences of exposure. The inspectors in the original investigation were Jas. D. Stice and Col. W. T. Sullivan.

The character of Colonel Sullivan, now deceased, has been placed on record by Congressman Joshua W. Alexander of the third district of Missouri, an unimpeachable witness. Judge Alexander describes himself as being a life long friend of Colonel Sullivan; and characterizes him as a man of rare probity and a keen sense of official honor. Sullivan may, therefore, be presumed to have been sincere in his opinion and recommendation as to the Lewis enterprises.

Inspector Stice has told his own story and indelibly impressed his personality upon the record of the Ashbrook Hearings. Unquestionably Stice was and is honest and conscientious in accordance with his conception of his official duty. No man as clever as Robert Fulton would have admitted to his confidence unnecessarily a subordinate as zealous and as transparent as Jas. L. Stice. Stice placed himself before the Congressional inquisitors, to employ his own phrase, "like an open book." The man unquestionably has at all times meant well. He has always done his level best. But Stice's limitations are as apparent as his virtues. He is simply a

stolid fellow, slow and plodding, circumscribed in his experience and subject to the envy and petty jealousy which narrow-minded men are prone to feel when brought into contact with the person or affairs of those more largely gifted by nature and more prosperous than themselves. Stice, the lowly postoffice inspector, drew a stipend hardly larger than that of the chief clerks and stenographers of the Lewis Publishing Company. Yet the power lay in him to strip from Lewis' face what he conceived to be the mask of his pretenses, and prick to collapse the bubble of his fortunes. Such a man might easily be puffed up by this consciousness of overruling power.

The practices and policies of the Lewis Publishing Company, as we shall see, can be comprehended only by projecting them against the background of the publishing industry of America taken in its largest and broadest aspects. Similarly, the People's Bank must be seen in projection against the background of the entire banking industry, not only of America, but of the whole world. An Alexander Del Mar could comprehend the People's Bank. James L. Stice could not. Stice saw in the favorable report of Del Mar only another successful effort on the part of Lewis to bribe an investigator and deceive the public. Even let the members of a congressional committee, one and all, arrive at a conclusion contrary to that of Stice; let their conclusion be ratified by the court of claims; and let that verdict be approved by the Congress of the United States of America, and by overwhelming public opinion. Still, Stice would doubtless go to the grave unalterably convinced of the propriety of his conduct and the rectitude of his own conclusions.

Nichols, in his letter to Loeb, confessed to having fooled the postoffice inspectors. He also accused Lewis of guilty knowledge of his trickery. The *Mirror* articles contained insinuations of the corruption by Lewis of previous postoffice officials. There was also a challenge to the newly appointed postoffice inspectors designed to pique their pride and excite their suspicions and alarm. On demand of Inspector-in-Charge Fulton, Nichols furnished a detailed statement containing an alleged biography of Lewis, calculated to inspire that official with mingled feelings of distrust, aversion and contempt. Later one I. K. Parshall, recommended by the local postal officials of St. Louis to Lewis as an employe, having been discharged, furnished the inspectors with an unsigned memorandum, alleging improper and fraudulent uses of the mail by Lewis and his associates.

Lewis alleges that the motive of Nichols and Parshall in their complaints and accusations was envy and revenge; that of Reedy, either blackmail or the supposed interest of the monopolists of St. Louis, of whom Reedy is alleged to have been the tool. The inspectors in the first instance appear to Lewis to have been not unnaturally prejudiced by the publicity of the charges against him

of having unduly influenced previous postoffice officials, and of having conspired to deceive the Department upon previous occasions. The pride of the inspectors, according to Lewis, was likewise piqued. The case seemed conspicuous and important enough, in the event of a favorable issue, to insure recognition for them, and perhaps advancement in the service. The inspectors, therefore, themselves deceived by misinformation, are believed by Lewis to have decided the case in advance; and thereafter to have sought only evidence such as would justify their preconceived opinions.

THE KANSAS-BRISTOW ANTI-DICE THEORY.

Meanwhile a curious situation revealed itself at Washington.

During the presidency of McKinley and the forepart of that of Roosevelt, the administration of the Postoffice Department was torn almost asunder by internal dissension and disorder. The spirit of faction, self-seeking and intrigue was rife. The whole atmosphere was imbued with mutual suspicion and distrust. All sorts of charges were being bandied about. These ranged from inattention to duty, or incompetency, to forms of corruption involving moral turpitude. A scandal of national proportions was imminent. Each official and employee was wrung with anxiety to keep his own skirts clear and his official head safe upon his shoulders. Innocent and loyal employees reported to their superiors, as in duty bound, sundry circumstances tending to cast suspicion upon the actual wrongdoers. Guilty men, to escape the consequences of their misdeeds, sought to shift back the burden of suspicion and responsibility to their accusers. No one felt that he could trust his neighbor. Treachery lurked everywhere. Not even the most loyal and competent employee could feel assured of the loyalty of his associates or even as to the tenure of his own office.

Madden, the third assistant postmaster-general, had under way during this period an alleged reform of the division of second-class mail matter, a branch of the service wholly within his jurisdiction. This reform policy provoked the publishers affected to obstructive litigation. Madden, therefore, had frequent need of legal counsel. The evidence submitted by publishers in support of their claims consisted moreover of subscription lists and orders far too bulky to be conveyed to Washington. Madden, therefore, required also expert agents to examine such evidence at the publishers' offices, and report upon the facts. These duties would normally have fallen to the bureaus respectively of Assistant Attorney-General for the postoffice, R. P. Goodwin, and of Fourth Assistant Postmaster General J. L. Bristow, then in charge of the post-office inspection service. The success of the class of work which Madden had most deeply at heart would thus have been dependent upon the good will, loyalty and efficiency of their co-operation.

So extreme, however, was the disorganization into which the service had fallen, that Madden was unwilling to entrust these important issues to the handling of any one not under his immediate

control. He, therefore, took a step which sowed the dragon's teeth of enmity and strife by which his after years of service were embittered. He formally protested to Congress that the services of the assistant attorney-general to the postoffice were not acceptable, and that the postoffice inspectors were unreliable and lawless. He asked for special counsel and a corps of special agents amenable to him alone. Congress granted his request. Madden thus exchanged, for the co-operation of Goodwin and Bristow, their personal and official enmity.

The storm cloud of threatened investigation that had long been lowering over the Postoffice Department broke at last. Bristow was made pilot. As head of the inspector service he was constituted chief inquisitor, and was assigned the congenial task of investigating his associates. Bristow and the inspectors enjoyed almost unlimited command for months. They alone had access to chart and compass. They alone knew whither the investigation was tending. They alone knew how to shape their sails to ride the fury of the gale. When the tempest had spent its rage, it was seen to have made shipwreck of many an erstwhile fair career and name of good report. Sundry ambitions and reputations were wholly foundered. Others came weatherbeaten into port. A few, and among them those of Madden, snugly rode out the gale. Bristow alone had been able to spread all sail to the breeze. Thus the storm which wrecked many of his rivals literally swept the ship of his own fortune safely into haven.

No man can with propriety investigate himself. Hence Bristow's department alone escaped the probe. Sundry rumors there were that the chief inquisitor himself had not previously scrupled to profit by some of the very irregularities which he so roundly condemned in other men. But these were hushed when it became apparent that Bristow was basking in the presidential smile. From being the most obscure chief of the newest and least influential bureau of the Department, Bristow suddenly became a leading power. The whole inspector service shared with its chief the glory and prestige of his spectacular achievement. Those inspectors, especially, who were most closely associated with him and were known to possess his confidence, became, as it were, embodiments of his authority. These men who had but recently held the whip of inquisition over the officers of a great department, and had brought not a few of its guilty chieftains to their knees, became, especially in their own esteem, personages of no mean consequence. Meantime, Bristow had evidently cast eyes of political ambition upon his native state. Once firmly seated in the saddle he deliberately made use, it is alleged, of the postal inspection service to destroy his rivals at home, and build up for himself a stout political machine.

Now, the St. Louis inspectorship-in-charge, the authority of which then extended over Bristow's native Kansas, was at that time held by George A. Dice. Bristow is alleged to have coveted this

post for a henchman of his own, Inspector Harrison. So one day Inspector Paul E. Williams made his appearance at Dice's office, having come all the way from Chattanooga, his own official domicile, or perchance from Washington, to St. Louis as Bristow's emissary. His mission was to convey a demand that Dice withdraw in Harrison's favor, and accept a transfer to some other city. Any other inspectorship that he might choose, except only Chicago, was pledged to Dice, an undertaking which argued the assurance of despotic power. But Dice, being a native of Danville, Ill., and known to Representative Joseph G. Cannon, was not without political influence. Dice refused to go. He appealed for protection to the then all powerful Speaker. Uncle Joe intervened. Bristow was whipped off from his prey. The affront that his dignity thus suffered so angered Bristow that, it is alleged, he could never forget nor forgive. Dice was then at an advanced age. He survived but a few years. On his deathbed he was still haunted by the enmity of Bristow. Nor could he die in peace until, during his last hour, he had dictated a statement to his sons of the manner in which Bristow had hounded him into the grave. Thus, the victim of inspectorial plottings passed away.

Among the proteges of Bristow, according to the friends of Dice, was one Robert M. Fulton, a young Kansan whose appointment to the postoffice service, it is alleged, was irregularly obtained, and who was, thereafter, advanced by Bristow over the heads of his associates, and far beyond the merits of his just deserts. Fulton, it is further alleged, was placed by Bristow under Dice at St. Louis to spy upon him and secretly report if grounds for charges against him could be found.

Now Dice and his friends, including the inspectors loyal to him, and the postmaster at St. Louis, F. W. Baumhoff, were personally friendly to Lewis and his enterprises. They found no fault in him. Indeed, Inspectors Dice, J. D. Sullivan and McKee were all investors in the Lewis enterprises. What more promising clue could any investigator ask? Cases against the Lewis enterprises had been made up at Washington and forwarded to Dice. Investigation by him and his inspectors resulted in no evidence of misconduct being found. Then Bristow sent Harrison, who it will be remembered, was to have succeeded Dice, together with one Holden. The two reported that the second-class entry of the Winner Magazine should be withdrawn. The effect of favorable action by the third assistant upon their recommendation would thus have been to discredit Dice and impugn the efficiency of his administration. Followed a citation by Madden, despite his own suspicions and disapproval of the inspectors' service. Barrett appeared as attorney for the Winner. The case was held up. Months passed. Years followed. Still no unfavorable action against Lewis was taken.

Meantime, Barrett accepted a sample watch from Lewis. The two men were pilloried together in Bristow's great report. Mad-

den's Chief Clerk, Travers, became a paid contributor of shorthand articles in the Winner. Additional charges were formulated against Lewis. Barrett, learning of these through Travers, warned Lewis, and advised him to retain attorneys. Lewis complained to the Department of this warning as an attempt to blackmail. An investigation followed. Dice had meantime died. Fulton, young, radical, flushed with triumph from his connection with the recent investigation at Washington, in full assurance of the confidence and if need were, the support of his all powerful chief, was promoted to the vacant place. From Dice he inherited the legacy of these various complaints and charges that had been accumulated against Lewis as a basis, according to the friends of Dice, of charges of corruption and incompetency. The opportunity had come at last to prove that Dice and men loyal to him had been derelict. Fulton grasped it with avidity.

He first made inquiry as to the status of the case against the Winner Magazine submitted long ago to the third assistant. He was advised that no action had been taken or was intended. Then came the Travers-Barrett leak of information opening the way direct to the bureau of the third assistant, hitherto untainted by scandal's slightest breath. The third assistant had not acted. Perhaps the very man who had flouted, condemned, and scorned the inspectors service, and had passed through Bristow's inquiry, untouched, might yet be reached by a campaign conducted with sufficient acumen, energy and sagacity. That were indeed a triumph. Comes now a letter of instructions from Washington. The postmaster-general had been fully advised. Fulton was ordered to follow the case up wherever it might lead, "even if it touches people in Washington."

Such, in brief outline, is the theory that the mutual jealousies and animosities of a cabal of the postoffice inspector service, may have furnished the motives that animated some of the principal actors of this tragic drama. Upon this theory, Lewis is not to be considered as in any way fraudulent or dishonest, but merely unfortunate in becoming by the veriest chance the football of departmental jealousy and inspectorial intrigue.

THE PLATT-CORTELYOU THEORY.

What of the possible motive of George B. Cortelyou? Madden, who played no small part in this controversy, boldly alleges a conspiracy between the late Senator Thomas C. Platt of New York State, and the former postmaster-general. A bronze tablet upon the entrance gates of University City bears among other records the following legend: "People's United States Bank, founded November 14, 1904, assassinated July 6, 1905." The officials of the Postoffice Department concerned in the alleged conspiracy and "assassination," including Cortelyou, enter their general denial, and plead in justification their official oaths and duty. The lips of Senator Platt are closed in death.

The late Thomas C. Platt of New York was president of the United States Express Company. He was reputed to be the dominating factor in the so-called express trust. Platt was for many years the Republican "boss" of the Empire State. The election of Theodore Roosevelt as governor of New York was made by and with Senator Platt's approval and consent. Later he was active in the fateful movement to shelve Roosevelt as a vice-president, which by a freak of fate opened to him the portals of the White House. Platt, through his power as "boss," caused himself to be appointed senator from New York, and in that capacity represented, not the people, but the express trusts and their allies.

Some light was thrown upon this man's character, or lack of it, as well as upon his motives touching national legislation, by the celebrated suit of Mae C. Woods. This young woman was formerly employed, it is thought, upon Platt's private recommendation, in the Postoffice Department at Washington. Miss Woods alleges under oath that she was employed by Platt to advise him of the inception of any adverse legislation. She did upon one occasion so notify him. He hurried to Washington. The proposed measure was squelched. The senator, thereupon, in complimentary fashion assured her that her timely warning had enabled him to save for the express companies many hundreds of thousands of dollars. The circumstance that Miss Woods' suit occurred shortly after the elopement of the senator with another woman employee of one of the departments at Washington, occasioned much newspaper gossip. The whole affair in connection with a senator of the United States amounted to a national scandal.

One of the phases of national legislation opposed by Platt was the creating of a postal savings bank under the auspices of the postal establishment of the United States. Such a bank did not then exist, in America, although postal banks have operated for many years in England, France, Germany and other countries of Europe. Agitation for such a bank in America had been practically continuous for years. The passage of such a measure by Congress had been averted through the influences commonly known as the money trust and the express trust. Of these Platt was a moving spirit. The People's United States Bank was a mail bank institution. The new bank, through its certified check system as an easy means of forwarding money without charge, touched with the finger of competition two of the most sensitive nerves in the express companies' business: the transportation of currency, and the sale of money orders. It is easy, therefore, to understand the earnest nature of Senator Platt's opposition.

The possible connection of Platt and the express companies with the postoffice, and of the three with Lewis and his bank, may be inferred from the following facts:

George B. Cortelyou was appointed postmaster-general from the State of New York by Theodore Roosevelt at a time when Platt,

as senior senator, boss of the Republican party, and political representative of the most powerful financial interests, was in control of Federal patronage. Cortelyou had been previously private secretary successively to Presidents Cleveland, McKinley and Roosevelt. A stenographer by occupation, he owed his rise solely to his fidelity to his employers' interests. Cortelyou thus enjoys the rare distinction of having shared the inmost confidences of three presidents of the United States whose administrative policies were widely variant. His acquaintance includes, it is seen, several more or less distinctly opposing and antagonistic groups of public men, closely associated with those administrations. A man of strongly marked individuality, of fixed principles, and of the courage of his convictions could hardly have thus adapted himself with chameleon-like rapidity to the changeful color of his environment. The ideal private secretary is the transparent glass, the open tube or the clear wire through which his master's will can be transmitted without let or hindrance. The capacity to adapt oneself acceptably to the service of three men of dominating wills as widely divergent as those of Grover Cleveland, William McKinley and Theodore Roosevelt, easily qualifies Cortelyou as the model private secretary of the world. The will of a man so constituted, if he can be properly said to possess such an attribute, must be, as a mechanic would say, hung upon a universal joint, and so capable of turning in any direction.

Moreover, a private secretary must be discreet. One capable of passing from this opposing camp to that, yet in no wise breaking faith, is evidently the very pink of tactful propriety and reticence. Cortelyou is a sphinx. No private secretary ever employed about the White House has made more friends by communicating tactfully the information which it was his duty to impart, or fewer enemies by withholding secrets that it was his policy to maintain inviolate.

None of these relations ever disclosed the real Cortelyou. Cortelyou, the convenience, was for many years as well known as any public figure in America. Cortelyou, the man, has always been essentially an unknown quantity. Upon Madden's theory of a conspiracy in the Lewis case, Cortelyou is alleged to have been the tool of Platt and his allies in the abuse of the discretionary power reposed in him as postmaster-general of the United States.

THE DREYFUS CASE OF AMERICA.

This case is being made up for submission by the Congress of the United States to the adjudication of the court of claims. But the tribunal of last resort is the aroused and enlightened conscience of the American people. How may the individual citizen arrive at a just and tenable conclusion as to the manifold issues and equities involved?

This volume purports first to set forth all the essential facts. These are substantiated by official records. The principal actors are allowed to suggest in their own words their own hypotheses

and theories. The author undertakes to indicate what allowance it seems to him should be made for differences of temperament, and for possibilities of motive. He points out, also, what he believes to be the underlying social, commercial, political and economic tendencies involved. Upon a careful study of these considerations, all may draw unbiased and unprejudiced conclusions. At the least all may be in the position so to do, in so far as their own temperamental character will permit.

The fact that Lewis has been practically in a state of insurrection against the United States Government for the past six years, interesting as this in itself might seem, would be comparatively insignificant were it not for the additional fact that he is supported in his rebellious attitude by the sympathies of many hundreds of thousands of his fellow citizens, and literally by millions of women.

The facts herein narrated speak for themselves. They are well worth the attention of every American citizen, of every leader of social and democratic movements throughout the world, of every editor of responsible papers, of every professor of sociology; of every man or woman who delights in the struggle between progress or the spirit of life, and inertia or the spirit of decay.

Lewis was presented one evening as speaker on the occasion of a banquet at St. Louis, to an audience of four or five thousand souls. When someone commented upon the power of numbers represented by such a vast assemblage, he rejoined, "What would you say if you could see the one and a half million readers of the *Woman's Magazine* all gathered together?" The notion has clung to Lewis' mind as a symbol of the power of his editorial following. Let no one lightly brush aside the Lewis case upon the theory that it is of trivial import. It is not. It is a matter of eminent national consequence. It is a matter of world-wide significance. It is a matter of abstract truth and justice. This fact is known to the leaders of progressive democratic movements upon both sides of the world. The Lewis case is the Dreyfus case of America.

CHAPTER I.

THE CITY THAT IS SET UPON A HILL.

THE SIEGE—THE BELEAGUERED CITY—IS LEWIS SAINT OR SINNER?
—THE NOTORIETY OF THE SIEGE—WHICH THEORY IS
RIGHT?—THE TRUTH ABOUT THE SIEGE.

University City is besieged. There can be no doubt of that. All the tokens of a siege are present, save only the physical ruin that comes from the shells, and such marks can not be long delayed. Leave the buildings, the machinery, the grounds for another year; windows will crack, plaster will fall, machinery be rusted and ruined, lawns dry and unkempt. That these signs and those of bullets are not to be seen in University City, as they were, for instance, in Peking when, after long months, the first file of East Indian troops crept up the waterway, and found the waiting people smiling but hungry, is solely because the siege is one of paper, orders, indictments, citations, fees, instead of one with bullets, shells, and a visible investing army. All the other signs of a siege are here. The army of outside helpers who have fled; the small number of active fighters who are left; the solitariness, the hunger; the piecing out of means to an end; the weary watching for relief; the presence of a few war correspondents who every now and then get through news to the outside world; the band of faithful women and a few children, who bravely day after day return to their self-appointed tasks; the eager, inspiriting voice of the captain; the earnest endeavors of his lieutenants.

UNIVERSITY CITY.

To live in a state of siege and see no visible assailant,—that is a strange feeling. All round the besieged city are courts, judges, officials, editors, bankers, business men in their strongholds, waiting for its final downfall. Inside are the few locked in the tower. Afar are the forces, always invisible, but always felt, of the higher powers; the masters of equity; the presidents of organizations; the editors of the great newspapers and journals; the President of the United States himself. There, without, are also the educators, teachers, churches, and the masses of men and women who, in their hearts, wish only for the right and truth to prevail. Sieges many there have been. But for all history and for all time, the siege of University City will stand out as the one peculiar case of a "City That Is Set Upon a Hill" besieged by invisible forces, and wrecked by invisible foes.

University City besieged, is still University City beautiful. Delmar Boulevard drives like an arrow from the bow of the Mississippi

River, in the bend of which the City of St. Louis lies, straight west through the heart of University City. It bisects the central plaza, and passing up a gentle incline, pierces a wide gateway flanked by Zolnay's famous lions. Beyond the gate, amid a clump of old oak trees nestle the houses.

Just without the gateway, adjoining the plaza, are the principal buildings of the Lewis Publishing Company. The home of the Woman's National Daily, an enormous structure originally designed for the People's Bank, modeled from an Egyptian Temple at Karnak, looms upon the south, windowless and mysterious. The winged globe of eternity, in weatherbeaten bronze is seen over the narrow slanting gateway midway its pale expanse of sloping wall. Upon the north rise the graceful lines of the Woman's Magazine building, the far-famed Octagon Tower, with its tall windows, and its chubby cherubs atop. Its stately steps are now deserted of thronging feet that have worn hollows in the solid stone. The long, low, oblong two-story building of the magazine press lies silent in its rear. The presses are idle and rusting.

Northeast of the Campus rises a spacious and dignified structure in the French Renaissance style, the Art Institute of the American Woman's League. The busy hum of potter's wheel is silent. Rooms lately full of famous masters and eager students, modeling sculpture under Zolnay, or moulding priceless porcelains under Taxile Doat, the world renowned master from Sevres, in France, are empty. Doat's famous collection of porcelains is sold. The art treasures are locked up. Honor students have been sent home. The gentle finger of death has beckoned Vanderpoel, America's most famous teacher of human figure painting, from the scene before he became aware that the ideal city of his dreams was destined again to become the battle ground of contending forces. Others have fled. Only Zolnay in his linen blouse at his sculpture in his lofty studio; and the genial Doat, at his marvelous pottery, still plod on, lonely in their devotion to the ideal of the People's University, faithful believers in the future of the League.

The halls below are deserted. The lawns of the Campus are unkempt. From time to time those in University City hear the slow booming of the reports of the indictments of the Government. Sometimes they see in the daily press the flashes of wit from the riflers in the distant courts. The besieging army is one of accountants, collectors, lawyers. It is led by inspectors, captained by heads of departments, urged on by presidents, judges, the leaders and rulers of the people. The people themselves wait, anxiously watching the result. For if the siege is not raised there will be no papers of the people, no People's Bank, no People's University. Such, in brief, is this most notable siege of the "City That Is Set Upon a Hill."

The little municipality, meantime, carries itself with a park-like air. Broad boulevards run straightway. Parkways sweep in grace-

ful curves. The lawns are wide and in the summer time are velvety and green. Shade and shrubbery abound. It is an ideal place for children. Their voices ring happily in its open spaces. The whole atmosphere and surroundings are rural rather than suburban. St. Louis, itself, lies below the eastern horizon in a pale haze of smoke. Westward, the outlook is to the prairies of Missouri. West, North and South stretches a wide rolling level, for hundreds of miles. Many miles from the river come the real foot-hills of the Ozarks. University City itself is set upon the first beginnings of these rolling heights. It stands upon the soft incline at the top of the street called Delmar. Already its brief life has given it such an eminence that nothing can prevent the whole world from observing and noting well this story of its siege.

University City, though small, is well and solidly built. It conveys on every hand the unmistakable impression of firm adherence to the motto: "The end is to build well." The landscape gardening and engineering of the parkways, sidewalks, shade trees, sewers and promenades, are beyond all rational criticism. University City is no flimsy advertisement, no exposition white-washed shell destined to be dismantled in six months. What has been done has been well done. There has been careful forethought and consideration. It has been built with high class, well paid labor. Evidences of breadth of plan, thoroughness and sincerity of purpose abound on every hand.

The rise of University City, its extraordinary prosperity, its siege and bombardment, and its sudden tragic downfall, are the subjects of this story. Eight years ago the central plaza was all wild cow pasture; rough ground, of rich loamy alluvial soil, covered with coarse grass and bushes. The surrounding fields were then worth, at most, two thousand dollars an acre; and this was chiefly a prospective value because of the proximity of St. Louis. Within this eight years a beautiful city has arisen. The value of University City now runs far into the millions of dollars.

These six or eight years have witnessed a series of building operations truly remarkable. Hundred of tons of concrete and thousands of barrels of cement have been incorporated into the plant of the Lewis Publishing Company alone. Train loads of stone have been required for the walls and foundations of the buildings. Tons upon tons of terra cotta have been consumed upon their decorations. Tiles innumerable cover the Press building, the Art Academy and the other structures. Tens of thousands of dollars' worth of polished white and yellow marble have gone into the single item of the facing of the Egyptian Temple, and for mural decoration within the other buildings. A single grand staircase in Italian marble and bronze on the ground floor hall of the Octagon Tower, cost nearly twenty thousand dollars. All this splendor was erected out of the profits of the millions of dimes of the women of America, given willingly for the little Winner and the Woman's Magazine, and

for the beautifying and glory of what they learned to consider as their own ideal, University City. Lewis has often said that he has no magic means of coining money; yet these silver coins came trundling in, as if at the touch of a wizard wand.

A CENTRE OF MANIFOLD ACTIVITIES.

These items comprise but the outer shell. The mechanical equipment of the separate publishing establishments, each known as the largest and most highly specialized of their kind in the world, are the real heart of University City. We cannot see all the invisible effects of these presses in enlightening the minds of the people. But we can see the visible mass of complicated mechanism that the siege of the city has stilled. The newspaper plant of the Woman's National Daily alone, including the great Goss printing press, comprises a small mountain of printing, typesetting and stereotyping machinery, all specially constructed for University City, and all of the highest grade of excellence. The mechanical plant of the Woman's Magazine and the Woman's Farm Journal, totals over a score of carloads of presses and folding, stitching and binding machinery. The plant, in addition, contains a complete equipment of art and protographic studios, typesetting, stereotyping and photo-engraving paraphernalia. The whole is equipped with electric power motors, and fitted with the latest mechanism. The entire establishment of these magazines not only bulks largely before the eye of the visitor, but commands alike the admiration of the architect, engineer, and practical man of affairs.

The physical aspects of University City are, as we have seen, tangible enough. They present themselves vividly to the eye of the imagination, and lend themselves easily to that concrete imagery wherein alone the masses of men are wont to think. They represent the exertion of forces which can be measured. But all human experience and philosophy teaches that back of this physical force, underlying as it were, sustaining, and acting through the physical phenomena, is some kind of potent spiritual force, in the living conceptions of the minds of men, of which inner force these outward things are no other than the visible, tangible embodiment.

What, then, is the soul of University City, which has caused so great a stir? Why has it given rise to so vast a controversy? To settle once for all these questions, and clear the common mind as to what is the inner meaning of this unseemly and bewildering struggle between a whole department of the Government of the United States of America, and a private citizen, is the object of this story.

The eight years' transformation from cow pasture to University City seems little short of a miracle of creation, a Monte Cristo dream turned to reality. It suggests the inevitable question. What was the origin? How came this wonderful transformation to be brought about? The answer is wrapped up in the career of Edward Gardner Lewis.

Lewis was the pioneer promoter of real estate values in University City. Here, just outside the limits of St. Louis, he built his own residence. Here, he erected the plant of the Lewis Publishing Company, upon the open fields. His was the moving spirit in the incorporation of University City as a separate municipality. And it was he who was afterward honored with the position of its chief magistrate. The nub of the controversy is, therefore, the personality of the man who thus made University City possible, who brought about its realization, and rendered it beautiful and famous.

IS LEWIS SAINT OR SINNER?

Is Lewis a saint or a sinner? THE SIEGE OF UNIVERSITY CITY undoubtedly turns on this question. Two of the principal departments of the United States Government have sought for six years to prove that Lewis is a fraud, a crook, a wilfully evil-minded man. They have sought to take him away from University City, and lock him up for a term of years in a United States penitentiary, like a common thief, or footpad, or embezzler. It gives one cause to wonder how many of the hundreds of men in that penitentiary are really deserving of their fate. Lewis behind bars, and Lewis in his little city, happy and smiling through the long Siege, are a contrast that vividly strikes the public mind.

And the siege is still on. Lewis is now, not for the second or third time, but for the twelfth time, under indictment by the Government. Had any one of the previous efforts of its attorneys been successful, the upbuilding and beautification of University City would long since have been arrested. The past seven years have thus witnessed the spectacle of a private citizen, not only engaged in the creation and management of extensive interests, real estate, publishing, banking and associated enterprises, but at the same time withstanding the utmost efforts and resources of the machinery of one of the most powerful governments in the world to compass his conviction, incarceration and ruin.

The losses of these six years of warfare have fallen, as so often happens in war, not only upon the principal combatants, but also upon many thousands of persons innocent of all wrong-doing. Lewis' personal resources have been completely wiped out. The investors and creditors in his various enterprises have sustained losses running into the millions. The Government of the United States has expended hundreds of thousands of dollars of the public funds on the contest. Two Republican administrations have sustained a loss of prestige that is incalculable. The Lewis' enterprises at University City are at a standstill. The great Goss press is silent. The People's University is in abeyance. Its classes are stopped. There is no magazine any more. The whole community is suffering a check. But Lewis is at large, and Lewis is not a man, were he in jail, to remain quiescent. New enterprises are projected. Addi-

tional building operations are being planned. Some, indeed, are getting quietly under way. Books are being prepared and printed. Friends are not lacking. The great public is at last rousing itself. A tragedy fills all with a sense of impending evil. What has happened to one, may happen to all. Persons familiar with the story, are filled with amazement at the spectacle of Lewis' continued courage, energy and optimism. The more distant and less well-informed world is vaguely stirred with strange misgivings as to the realities at the bottom of Lewis' prolonged and successful resistance against such overwhelming odds.

THE NOTORIETY OF THE SIEGE.

Happy, they say, is a nation that has no history. University City without its siege would be University City without its story. The mere transformation of pasture land into an attractive suburban municipality on the plains of Missouri, or the mere creation of a manufacturing and printing establishment, however admirable or successful, would not themselves justify the making of a book. Nor would they attract any widespread attention. Yet the name of University City is perhaps today more widely known throughout the United States, and even in Europe, than that of any other municipality in America, with the exception of the four or five principal cities.

The press of the entire world has given the unique little community extraordinary publicity. Public opinion has concerned itself with University City to a degree that is unprecedented. Such opinion is divided after an astonishing fashion. Families, friends, neighbors and communities have aligned themselves upon opposing sides. A citizen of St. Louis, or indeed any resident of Missouri, can hardly travel anywhere in America, without finding himself continually questioned as to the facts, and placed in a position of involuntary arbitrator on this question: What do you think of Lewis? of the American Woman's League? of the People's Bank? of University City? University City is a Mecca to many. To others it is a scandal and a reproach.

Meantime that vast receptacle, the common mind, is slowly digesting certain information upon these matters. The Woman's Magazine was wont to circulate to the number of one and a half million copies each issue and the Woman's Farm Journal approximately half that number. The Woman's National Daily, for many months issued nearly half a million copies daily. The Woman's National Weekly still circulates in considerable numbers. These hundreds of millions of pages were full of news and illustrations about University City and its doings; interviews articles, descriptions, stories, reports of cases, all spiced with stirring editorial comment. The conventions called by notices in these papers were attended by thousands of delegates representing local chapters all over the United States. They came to University City in train loads. These periodicals circulated nationally over

the widest area that ever newspaper supplied. It was the proud boast of Lewis that no postoffice in America was so small as not to receive two or three copies of his journals. Supplementing these enormous channels of publicity came a flood of circular matter, and pamphlet literature of such volume, that Lewis' total output is said to have comprised more by weight than one-fourth of the outgoing mail of the entire City of St. Louis. All this has enabled the publisher-promoter to place his own story vividly and continuously before the public.

The Postoffice Department has added to this original flood by issuing, itself, to inquiring citizens and to the press, a series of pamphlets, at public cost, in justification of its official course in endeavoring to limit, withstand, and even arrest this tide of publications sent at the expense of the Government, in a manner which it sought to brand as fraudulent.

The Lewis case has furnished quantities of newspaper copy. Many are the good stories culled from it that have gone the rounds. "Lewis has sold a million watches by starting an endless chain; cured men of smoking by putting tabloids in their coffee; taught his subscribers that the World's Fair was an annex to his Publishing Company; coaxed millions from old ladies, farm girls, washerwomen and servants, and hidden away the spoil; juggled discount notes, and so confused bankers as to make millions by ringing the changes; bought land and sold it to his deluded subscribers for ten times its worth; offered dollar shares in a newspaper that he did not own; sold worthless stock in a company for manufacturing bottle stoppers out of the returns of his old newspapers." So the tide runs on, tinged with charges of every kind of exhibition on his part of personal vanity and of fraudulent scheming. And all these tales are colored with the idea that Lewis is the great get-rich-quick man of Missouri. The great St. Louis dailies have necessarily covered the case mainly from the news standpoint. Its most sensational facts and phases have been purveyed by them to the American reading public, hot and well-spiced, with the hectic cleverness of newspaperdom. Paragraphs, more sober, have been distributed through the channels of the Associated and United Press. The salient features have been sent by cable abroad through the press associations of London, or direct to English and European papers.

WHICH THEORY IS RIGHT?

The existence of University City, and the siege of it, having thus become noised abroad by Lewis, by the Postoffice Department and by the American and European Press, by editors of associated magazines and by writers attracted by its vivid interest, public opinion has gradually become crystallized on one or another of three different theories.

Lewis' friends and sympathizers class him as a genius, a wise innovator, an ardent reformer. They attribute his failures and

losses directly to the opposition of the Government, moved thereto by financial interests, such as the express companies, or to the attacks of newspapers such as the St. Louis Post-Dispatch, the Rural New Yorker, and others, which he has antagonized while setting himself up as champion of local and rural interests.

The official theory of the postal establishment, commonly supported by postmasters, letter carriers, and their adherents everywhere, is simply that Lewis is a law-breaker. In their eyes he is a publisher who is wrongly using the mails to ask money for the promotion of his private schemes, or for plans which he never meant to carry out. They hold that the investigation of his enterprises revealed conditions such that it became the duty of the authorities to proceed against him, as they would against any other fraudulent person using the mails to get money for goods he did not and could not deliver.

The newspapers, in the third place, depict Lewis as an extraordinary get-rich-quick schemer of the Colonel Mulberry Sellers type. They deem him a man whose sensational career deserves no more consideration at their hands than is necessary to round it out into a good newspaper story, or a cleverly written Sunday feature article. This theory is that Lewis is a man bent on getting rich by the easiest and quickest scheme; that he has money hidden away and wants more. All his plans are said to be self-advertisements. All he desires is thought to be the dollars. When he has thieved enough from the public, the paragraphers intimate, he will retire and start a harem, or bask in California, or riot in Paris. How unlike this reportorial notion is to the true state of the affair, readers of this book can judge.

THE TRUTH ABOUT THE SIEGE.

The whole controversy, from the date of its inception has now been extended over a period of twelve years. The mass of assertion and denial to which it has given rise is enormous. The news items and editorials concerning it, cut from the daily press, kept in University City, occupy a dozen large scrap books. They number many thousands of clippings. The magazine articles and pamphlet literature relating to it occupy several drawers of a large filing case. They number many hundreds. The dockets of the State courts of Missouri and the Federal courts are broadly blazed with a trail of the Lewis case, leading up to the Supreme Court of the United States at Washington. The transcripts of the records of these cases constitute more than a score of fat well-printed volumes. They occupy hundreds of pages. The standing committee of the Congress of the United States on postoffice expenditure, known as the Ashbrook Committee, has recently (1911-1912) undertaken to investigate this subject thoroughly from top to bottom, affix the blame and, if necessary, advise changes in the postal law. For Lewis has claimed damages from the Government to the amount of three million dollars for the destruction of his business. The testi-

mony taken in the Ashbrook hearing already runs into several thousand printed pages.

The justification for this present volume becomes clear as the noonday sun, and its necessity is felt as that of fresh air in a long closed room, when in a careful study of all the documents, including letters of the general public, it appears that no ordinary person, in fact, no one at all, other than the two or three chief actors, could by any other means obtain a well-rounded view of all the issues of this most complex argument. Every newspaper article or editorial, every document, every pamphlet heretofore produced, upon either side of this controversy, has related to but one phase, or at most to some one or two angles of the complex subject matter. Many such contributions have been based upon utter misapprehension of the true state of facts as a whole. All manner of prejudice, bias, envy, spleen, malice, greed, expediency, and denial of fairness, justice, and the rights of others, is insidiously instilled into many of the documents. Seeping thence from mind to mind, they have imbued the atmosphere of the case with rank and poisonous odors that only the sweet fresh breeze of the noblest and highest public opinion, inspired by the sense of fairness and the love of truth, can disperse.

One of the parties is a Department of the National Government, the Postoffice. The gravest charges are made against two Republican administrations. The other party-in-chief is a private citizen. The business enterprises involved are the property of some hundreds of thousands of small investors, with a few larger ones, scattered through every State in the Union. There is hardly a town, or even a decent-sized village in America where there are not one or more persons directly concerned, either in the magazine, the stock of the Lewis companies, or of the bank, as member of the League, or as student, actual or prospective, of the People's University. The notoriety of the case has been increased by the Ashbrook Congressional investigation. This has drawn men from all parts to give outspoken witness as to the truth. Altogether, it is perfectly apparent that the public demands the facts. For the case cannot be settled until the white light of truth is allowed to penetrate the entire controversy and throw into relief all of its inner workings. Thus alone can every episode be made to stand out in proper perspective and proportion. Thus only will the true relations of the varied parts of this living drama at last appear.

CHAPTER II. TRIAL BY NEWSPAPER.

THE MACHINERY OF PUBLICITY—A JOB FOR SOMEBODY—WHEN E. G. LEWIS WAS IN HARTFORD—THE MODERN MISSISSIPPI BUBBLE—LEWIS AND HIS PUBLICATIONS—IS BANKER LEWIS FRAUD OR VICTIM?—LEWIS, THE FINANCIER—WILD-CAT FINANCIERING—FANATICAL FINANCE—LEWIS' VAST EXPLOITS OF THE PAST TEN YEARS—THE SCHEMES OF E. G. LEWIS—OTHER PEOPLE'S MONEY—THE E. G. LEWIS BUBBLE—LEWIS, THE MARTYR—THE MOTIVES OF THE PRESS.

Everyone nowadays reads the newspapers. Most men form their opinions almost at unawares from news items and editorials. The court of public opinion is the court of last resort in a democracy. Its final decrees are omnipotent. The officers of this great court are newspaper men, the gentlemen of the Fourth Estate. Reporters are the advocates. Editors are the judges. The public is one vast jury of fifty million or so, that reads instead of listens. In somebody's happy phrase, trial by newspaper has been substituted in America for trial by jury. The court of public opinion has become the palladium of national liberties.

The subject of this present story has been brought prominently before the court of public opinion on several distinct occasions during the period of the last seven years. The pleadings have been voluminous. The arguments were lengthily and worded with force and skill. But thus far no clear verdict has been rendered. Each newspaper discussion has ended, to employ the legal phrase, in a mistrial. The great jury has disagreed. A large number of newspaper readers have undoubtedly formed the opinion that Lewis is a crook. Others have reached the opposite conclusion: they think he is a very useful citizen, and a victim of conspiracy and persecution.

Now, a man's judgment or opinion upon any subject can never be any better than his information. The opinions of most persons about Lewis have been formed from newspaper stories which they have read, but the exact details of which they have probably forgotten. Whether their present conclusions are right or wrong depends, therefore, almost entirely upon the truth or falsity of the original stories which they have read. For the purpose, therefore, of refreshing the minds of many persons who have formed their opinions as to the subject of this story from the widely circulated press accounts, a small group of newspaper stories has been selected for republication. These may be taken as quite fairly representative of the hostile attitude of the press. Chosen from among hundreds of newspaper

clippings after careful analysis and comparison, they embrace practically the entire mass of current rumor and feeling about Lewis and his alleged frauds. In substance, these stories have been reprinted in many forms throughout the English-speaking world. Few persons can have seen them all. Those who have previously read one or more of them will find them convenient here for comparison with the facts. Others may enjoy their picturesque details and racy style. All will recognize that this mass of comment must have had some origin. If, upon the whole, it does not truthfully represent the facts, then the fountains of public opinion must somehow or other have been poisoned.

THE MACHINERY OF PUBLICITY.

A few words are needful as to the machinery of newspaper publicity. Neither the big city daily nor the country weekly can have a special correspondent or other representative available to cover every important piece of news in every part of the land. Modern newspapers depend primarily upon the Associated Press and similar types of news-gathering organizations, for their news from distant parts. These organizations maintain what is known as a news service, to which, under certain conditions, newspapers may subscribe. Each newspaper covers its own local news. The reporters and editorial staff of a local paper, after preparing for their own columns the news items of the hour, telegraph the substance of their stories to a central bureau. Thence, in turn, they are dispatched to all the subscribers of this special service that desire them. A single newspaper representing locally a great news service can, therefore, color and shape the entire news dispatches to all its fellow members touching any subject as to which its owners may chance to have a personal interest.

Another custom that is practically universal among newspapers is that of copying good stories from the columns of exchanges. The exchanging of newspapers is quite usual. Every newspaper maintains its exchange list of other periodicals to which it is mailed daily. Each has its exchange desk, where an editor receives copies of other periodicals, and examines them for matter of possible interest to his own readers. Thus, news items and feature stories printed by a local newspaper, if thought to be of sufficient interest, are clipped and reprinted in part, or in entirety, by many newspapers in widely scattered places. The more sensational a story, the more often it is likely to be republished. The main events of *THE SIEGE OF UNIVERSITY CITY*, its skirmishes, sorties, battles, and the outlines of its great campaigns, have been thus prepared by the publishers of the great daily newspapers in St. Louis. They have been placed upon the wire as news dispatches to the various press associations with central offices in the great cities. Thence they have been scattered as exchanges far afield, over the length and breadth of the whole continent of America, and sent abroad to Europe or the Orient.

Such stories are unhesitatingly accepted by the authority of news-

paper custom, without attempted verification. The law of libel is supposed to deter the local publisher who originates the story from misstatement. Other newspaper editors assume that the facts are substantially as stated. They take a chance on reprinting anything that they think likely to be of sufficient interest to their readers. The mere fact of the appearance, therefore, of these items in reputable newspapers published in widely scattered places, is no real criterion of their reliability. In the interest of sober historic verity they must be traced to their source. This source, in nearly every case, must be the office of the newspaper at St. Louis in which they were originally drafted. The sources of information used by the authors of the story must then be considered. The business and political interest, and the possible bias of the owners of the newspaper that first stood sponsor for these news items or stories, must be thought of. The circumstances, the prejudices, the passions of the hour, all must be allowed for, in any final test of truth. Finally, the actual facts of judicial or commercial record must be stated and compared with the newspaper stories as sent to the world at large. It must be remembered, however, that the first business of a newspaper is to interest its readers, even to startle, to make them read. Newspaper reporters are not on the witness stand. It is not incumbent on them to give the whole truth.

Certain of the articles which follow were no doubt published in perfectly good faith. But the editor of the paper who was responsible for their republication in distant parts would be among the first to admit that he had been obliged to depend upon second-hand and hearsay sources for his information. He would freely acknowledge that the facts stated are fragmentary. He knows full well that if reset in their original relations they might present an altered aspect. He is well aware that, in common with other editors, he has made no attempt at verification and has few or no facilities for so doing. No really accurate story of the amazing growth of popular magazines and mail order institutions in the great Middle West of America has yet been written. Few full accounts have appeared, even of the special institutions at University City that have caused this ever-growing trouble with the Government, and among other things have rearranged for American women the centre of the habitable world. Yet the notion of *THE SIEGE OF UNIVERSITY CITY* as a comprehensive story should make a vivid appeal to the journalistic mind.

A JOB FOR SOMEBODY.

The editor of the *Beacon-Journal* of Akron, Ohio, expresses admirably a mental attitude which is doubtless shared by a great majority of his editorial brethren. His challenge is here cheerfully accepted as a gage of battle. An attempt will be made in this volume to give the "impartial survey" therein desired, with fullness and such skill as the writer can command. The text itself will, it is hoped, be accepted as its own "guarantee of impartiality." Cer-

tainly, the necessity for this story could hardly be more aptly or forcibly expressed than in the following leader entitled, "A Job For Somebody":

One of the many feature writers who are looking for subjects for copy could fill a popular need by giving a concise and unbiased account of the drama that has taken place in St. Louis and elsewhere since the suspicion of the Postal Department was directed at the E. G. Lewis enterprises, his postal bank, his newspaper and his American Woman's League, with its club features and various ramifications.

Whether it is prosecution or persecution, the case has gone to a length, and involved a number of persons sufficient to make it of national importance. Yet the impartial searcher after truth is baffled at every angle when he tries to make up his mind as to its rights and wrongs. The fragmentary treatment in newspapers is most inadequate, because it gives only an occasional brief glimpse of a long course of events. The Postal Department has been most active in the matter, but has little to say. The Lewis organizations have much to say, orally, in their publications, and through the medium of press sheets. They call Lewis the American Dreyfus, and accuse the Postal Department of all manner of chicanery in making cases against him, specifying in their accusations as fine a set of subterranean motives as ever the muckrake dragged forth. The loyal member of the League believes that Mr. Lewis is a martyr, and that nothing which is said against him counts.

To the outsider, the natural and manifest bias of the statements which come from Lewis and his organization interferes with satisfactory study of the situation. The reader becomes lost in the maze of fervid counter-attack and unsupported conclusions, and longs for at least a skeletonized account of the technical charges.

The promoter of the League is chiefly recommended by the large number of earnest women who have been led to believe in the sincerity and practicability of his plans. Every one will hope that they be not doomed to disappointment. Meantime, if the cause is just, it could best be helped by the impartial survey of some skilled writer and investigator whose name and employment would be a guarantee of his impartiality.

WHEN E. G. LEWIS WAS IN HARTFORD.

The national celebrity, or notoriety, of the Lewis case, has set at work the local reporters of the newspapers in the vicinity of his early home. A considerable contribution to Lewis' newspaper biography all over the world has thus been made in articles first contributed to the Connecticut press. The following story entitled, "When E. G. Lewis Was in Hartford," taken from the Hartford (Conn.) Globe, may be quoted as a good example:

The amazing story of the life of Edward Gardner Lewis, who is now under indictment in St. Louis on charges of using the mails to defraud, and whose enterprises, which drew subscriptions said to amount to ten million dollars, chiefly from women, are in the hands of a receiver, possesses more than a passing interest for the people of Hartford, since it was in this city that he started his first so-called scheme. He was at one time a student at Trinity College, where he possessed the reputation of being an extraordinarily bright young man in everything but his studies.

Edward Gardner Lewis is the son of Rev. William Henry Lewis, rector of St. John's Episcopal Church of Bridgeport, the largest church in that city. His father graduated from Trinity in the class of 1865, and has since received two honorary degrees from his alma mater. An uncle of Lewis' also graduated from Trinity, and Lewis himself came to Hartford and to Trinity in the fall of 1886, when he entered college with the class

of 1890. He stayed only about a month, however, as he was forced to leave college on account of ill-health.

LEWIS IN COLLEGE.

He returned in the fall of 1888 and entered the class of 1892. While at college he paid his board by managing an eating club, and paid his college bills with wages received from a tobacco firm, for which he traveled around the state selling cigars. He was never a good student, and his friends believed that the reason why he did not stand well in his studies was that he was interested in too many outside activities. He did not have time to devote to the pursuit of the sort of knowledge contained in textbooks.

To show that Lewis did not spend all of his time in the chase after the mighty dollar, it was known to his friends (and was one of his proudest boasts) that he assisted, without pay, in studying and arranging many of the exhibits in the American Museum of Natural History in New York. He was an expert taxidermist, and used to spend hours in his room at college stuffing and mounting birds. This was his only recreation, as he did not indulge in athletic sports.

At one time in his life he received an injury to his spine, and had gone West to recover from it. His tales of the West always gathered an interested crowd of listeners at college. He was always pleased himself when he could gather a number of fellow students to listen to his tales of bass fishing and hunting, and in time he got the nickname of "the great Western liar." He left college after about two years, but kept up his interest in Trinity and helped in the education of two younger brothers, one of whom graduated in the class of 1903, and is now with Edward in St. Louis. After leaving college he continued to work for the tobacco firm, and opened offices in the Goodwin Building at the corner of Asylum and Haynes streets. He also took an agency for a diamond firm, and later started selling watches, from which he evolved his scheme of selling jewelry by the endless chain plan.

IN BUSINESS AT HARTFORD.

Shortly after he started in business for himself he began selling on a large scale his cure for the tobacco habit, which he called "Corroco," or "Anti-Tobac." This was prepared in tablet form by Parke, Davis & Co. of Detroit, Mich., and was sold to druggists on a neat standard, which held a dozen packages of the remedy. The packages sold for twenty-five cents each. In connection with the remedy, he issued a pamphlet, which purported to tell the story of the discovery of the cure.

According to this pamphlet, Lewis was traveling in South America when he came upon a tribe of Indians, from whom he received the great secret. The Indians had contracted the habit of smoking from the whites of the country. The health and prosperity of the tribe had steadily declined under the influence of the weed. The chiefs of the tribe and medicine men saw that something must be done to restore the lost powers of their warriors. In response to their prayers to the Great Spirit, an herb was discovered which killed all desire for nicotine. Under its influence the tribe again arose to its old-time power. The pamphlet was illustrated with colored drawings of Indians and South American scenes, made by Lewis himself. For he possesses artistic ability, in addition to his other accomplishments. The pamphlet made interesting reading; and the remedy appealed to women especially, since they could treat their husbands, brothers and sweethearts with the "Anti-Tobac" without their knowing they were being treated.

It must have been about this time that Lewis discovered the principles that have made him so successful in getting money out of women. The enterprise prospered. The remedy was put on sale in New York and surrounding states. Branch offices were being established even as far west as Michigan. But the production had outgrown Lewis' capital, and he began to seek for more. He interested Gilbert F. and Louis F. Heublein

in his scheme. He had persuasive ways and appeared to be a bright young man who was trying to make his way in the world, so they subscribed a small amount of money for the business. Even then Lewis did not have enough capital. The enterprise went to smash.

At one time he was employing thirty girls at his offices in the Goodwin Building, packing and shipping the remedy. His offices were pretentious, and visitors immediately received the impression that they were in the offices of a prosperous firm, whose head was destined to make a name for himself in the world of finance. When the business failed some of the furniture was taken by the Heubleins.

HIS CAREER AS PUBLISHER.

In 1895 Lewis found himself in Nashville, Tenn. His total wealth amounted to one dollar and ten cents. His career since has been exploited in the newspapers, and is well known throughout the country. He has a wonderful newspaper plant in St. Louis. In one of the buildings alone he is said to have an equipment of Goss presses worth over one hundred thousand dollars. His University City outside of St. Louis is known far and wide as one of the most beautiful places in the country. The streets are named after colleges and universities throughout the country, but, strange to say, none of them bears the name of Trinity.

He built up his magazine for women on the supposition that thousands would willingly pay ten cents a year for a magazine, where a few would pay one dollar a year. This theory worked out with the most flattering success. At his magazine office in St. Louis, where thousands of sight-seers were attracted during the World's Fair and afterwards, every person who came into the building was required to sign his name in a register. Lewis' magazine circulation was built up in this way. A young woman attendant, who was stationed at the register, asked each visitor to take a year's subscription to the magazine. There were few refusals. No one wanted to think twice of spending a dime while on a pleasure trip. Some of those who were asked to subscribe wanted to look at the magazine first. One Hartford man who made such a request refused to subscribe. He describes the magazines as a collection of clippings from more reputable magazines. He felt sure that none of the material in it was original.

The magazine was successful, however. It always contained a large amount of advertising, as its women readers were a most profitable field. Lewis always had himself insured up to the limit. At times he was said to carry policies aggregating one million dollars. Many Hartford companies have carried his policies. Lately his life has been considered too much of a risk. He does not now carry nearly so much insurance. He made his companies beneficiaries of his policies, and made the statement that he did not want his death to interfere with the investments of those who trusted him with their savings.

One of those who still believe in the integrity of Lewis, is his wife. She declares that she will fight side by side with him, and that he will eventually free himself of the charges made against him.

Lewis himself says that he has been persecuted all along by the express companies. He maintains that they are behind his present prosecution. He says they are jealous of him because of the money he handled in his dollar bank scheme, which would otherwise have been passing through their hands.

THE MODERN MISSISSIPPI BUBBLE.

Every well-conducted daily newspaper maintains a "morgue," namely, a file of newspaper and other clippings on the biography of every person in the public eye. From this obituaries and biographical sketches required by news items can be prepared on instant notice. The occasion of the legal proceedings whereby the so-called

Lewis enterprises were thrown into a receivership in July, 1911, gave temporary news value to Lewis' life story. The editors of many newspapers ordered from the morgue, the envelope marked "E. G. Lewis," and "heated up" a rehash of the contents. Articles of this type appear to have been prepared in local newspaper offices at St. Louis and circulated either on request, through some newspaper service, or from interested motives. The following story taken from the Boston Herald of July 31, 1911, prefaced by a news paragraph about the postoffice inspectors, from their correspondent at Washington, is of this character. The original sources from which it is drawn are, as we shall see, the statement of Nichols, the reports of postoffice inspectors, and a speech in defense of the Postoffice Department by Senator Burton of Ohio. As the sequel will show, it is for the most part a tissue of fabrications.

Lewis, who was born in Winsted, Conn., the son of a clergyman, is under indictment in St. Louis, charged with using the mails to defraud. Enterprises which drew subscriptions said to amount to nearly ten million dollars, chiefly from women, are in the hands of a receiver. He started his career as a financial wizard on a capital of one dollar and ten cents.

The records of the civil and criminal proceedings against Lewis show that in the twenty-five years since he left college he has invented many schemes and won the confidence of many persons who were willing to risk their savings in the hope of being made rich quickly. Senator Burton of Ohio, in defending the action of the Postoffice Department toward Lewis' enterprises, said recently on the floor of the Senate:

HIS MODEST CAPITAL.

"They are as numerous as the list that Bagehot gives of the absurd enterprises in which people were urged to invest about the year 1700, when the wheel of perpetual motion and a lot of other ridiculous things furnished the basis for the formation of stock companies."

Lewis' wife, with whom he eloped (?) from Baltimore, where he was studying for the bar, says that she furnished the dollar and twenty-five cents with which he laid the foundation of his dazzling rise to wealth in St. Louis.

"It was all he needed," she says, "but he had me, and I was his vice-president. And I have enough in my own name now, and always will have, to furnish him another dollar and twenty-five cents should he ever need it. And I can be his vice-president again."

He made money even during his college days. On leaving college he sought to build up a fortune with a sarsaparilla blood medicine. This failed, and he lost all he had made with the other cure. He was successively sales agent for a diamond broker and a demonstrator for watches. Finally he drifted to Nashville, Tenn., where his inventive brain originated "Anti-Skeet" and "Bug Chalk."

EASY MONEY IN BUG KILLING.

It was here that Lewis awoke one morning in 1895 to find that his total assets were one dollar and ten cents. Then he had an idea. He went to a wholesale house and bought a gross of ordinary crayons for thirty-five cents and a bottle of oil of wintergreen for twenty-five cents. He poured the wintergreen over the chalk, and after capturing a live roach he went to the drug department of the store and announced a demonstration of his "Wonderful Bug Chalk."

He made a chalkmark on the table and set the roach free. When the bug started to walk across the chalkmark and smelled the wintergreen it backed off and went the other way. He sold the mixture of crayon and

wintergreen in the store for seven dollars and fifty cents, and then made a house-to-house canvass with the chalk. He soon had a small bank roll.

Lewis then originated "Anti-Skeet" and "Anti-Fly." These preparations were tablets which, when burned, made a cloud of smoke supposed to be deadly to mosquitoes and flies. His first corporation was formed to take over these preparations, but the sheriff finally seized the assets, including a carload of "Anti-Skeet," and one of Lewis' partners committed suicide. The sheriff was induced to release the carload of mosquito tablets, and Lewis moved on to St. Louis and began his career in this city.

SCHEMES GALORE FOLLOWED.

There followed in rapid succession "Dr. Hott's Cold Cracker," warranted to "crack a cold in half an hour"; "Walk-Easy Foot Powder," which made money for Lewis the first summer, but went out of business in the winter; "Anti-Cavity," a toothache medicine; "The Progressive Watch Company," an endless chain scheme by which one could get a watch by paying a dollar down and inducing a number of other persons to do the same; a mail order publishing concern through which Lewis first entered the publishing business with a small magazine to exploit cheap jewelry; an installment company to sell watches and jewelry for one-third down and the rest monthly, the cost of the article being really covered by the cash payment; an addressing machine company which sold stock, but no machines; a coin controller which sold devices for use on telephones, but which proved to be an infringement on a patent; a collection agency to assist mail order houses to collect accounts, mainly from children who answered advertisements in the weekly papers and magazines; and a guessing contest on the attendance at the St. Louis Exposition.

Then Lewis turned his back on the smaller creations of his mind and went in for greater things. He organized the Development and Investment Company, a holding company for later schemes. The stock of this was guaranteed to pay one per cent dividends a month. In 1901 he bought the Woman's Farm Journal and the Woman's National Weekly* with the purpose of drawing subscriptions to his stock-selling scheme from women readers. He paid for both publications chiefly with stock in his investment company.

GREAT MAIL ORDER BANK.

His first big enterprise came in 1904 with the organization of the People's United States Bank. This was to transact all of its business through the mails. Its office was at University City, a suburb of St. Louis. Here Lewis had established the University Heights Realty and Development Company and the Lewis Publishing Company. The bank was chartered under the laws of Missouri in November, 1904, with one million dollars capital stock, half paid up. Lewis subscribed to nine thousand, nine hundred and fifteen out of ten thousand shares, and said he bought the stock with his own money. The following March the capital was increased to two and one-half millions, with two millions paid up. It developed later that this two millions had been entirely subscribed by sixty thousand persons throughout the country, mostly women, who were reached through the Woman's Magazine and Farm Journal.

Complaint was made to the Postoffice Department that Lewis was using the mails to defraud in connection with the bank, and in July, 1905, a fraud order was issued against the bank.

The evidence upon which the postmaster-general issued the fraud order showed that Lewis had not put in a cent of his own money, but that he had received and held as payment for stock two million, two hundred and ninety thousand dollars, and had accounted to the bank for only two million, two hundred thousand dollars. He had represented that there

*Evidently the Woman's Magazine is intended. This is an example of the inaccuracies to which all newspaper stories are liable.

were seven directors, independent, strong, capable men, "standing between the intrigue and influence of the cold-blooded banking business and the people's money." Investigation showed that there were only five, and they consisted of Lewis, the editor of his magazine and three employees of the publishing company.

Out of the paid up capital of two million dollars Lewis lent himself nine hundred thousand dollars. The State of Missouri finally acted. A receiver was appointed in August, 1905. At that time the bank had about one million dollars left. Lewis represented to the stockholders that he was the victim of a persecution by the money powers. He notified all the stockholders that no one should lose a dollar. He would assume all the loss.

He induced them to send him their stock and gave them in return his trustee notes. These were secured by a trust deed on his income above his living expenses. He then increased the stock in his publishing company to three and one-half million dollars and traded it for bank stock, with the result that he got back one million, seven hundred thousand dollars of the bank stock. When the receiver finally paid eighty-five per cent on the bank stock Lewis presented what he had and got a half million dollars in cash, and had nine hundred thousand dollars of his notes paid.

MAGAZINE WITH REAL ESTATE.

In 1906 Lewis started a daily paper called the Woman's National Daily. This was used to promote various new schemes. One was the United States Fibre Stopper Company. This was to manufacture stoppers of paper or fibre. He represented that the English rights had been sold for half a million dollars. This proved to be untrue. The stock has never been worth anything.

In 1908 Lewis announced through the Woman's Daily a so-called "Readers' Pool." Every person who sent in five dollars in subscriptions to the paper would have a certificate of membership in the pool. Of each five-dollar remittance two dollars was to be set aside. When the fund grew large enough land was to be purchased for the members.

Finally Lewis announced that he intended to close the pool on a certain date. He urged that enough be sent for a fifty-acre lot, to cost seventy-five thousand dollars. When the time was up Lewis said he had more than enough to buy fifty acres. Since that time the members of the pool have been unable to get an accounting, to find out how much land was bought or what was paid for it.

LEAGUE TO MAKE WOMEN RICH.

Following the "Readers' Pool" came the most pretentious scheme of all. He organized the American Woman's League as an auxiliary of his publishing company. In his first literature he proposed it as a scheme for paying his debts.

Membership was to be secured by sending fifty-two dollars' worth of subscriptions to his paper. One-half the money remitted was to go for subscriptions. The other half went into a fund for the benefit of the league membership. This was to be limited to one million persons. It would give an endowment of twenty-six million dollars. The league was to own the publishing company, the real estate and a bank. It would have an income estimated roughly at three million, eight hundred thousand dollars a year. The endowment of twenty-six million dollars would remain undisturbed. This income would build and support clubhouses in all parts of the country; establish a free university with instruction from the lowest grades to the highest, and in all professions; found an old ladies' home, library, orphanage and loan and relief fund, and give other benefits.

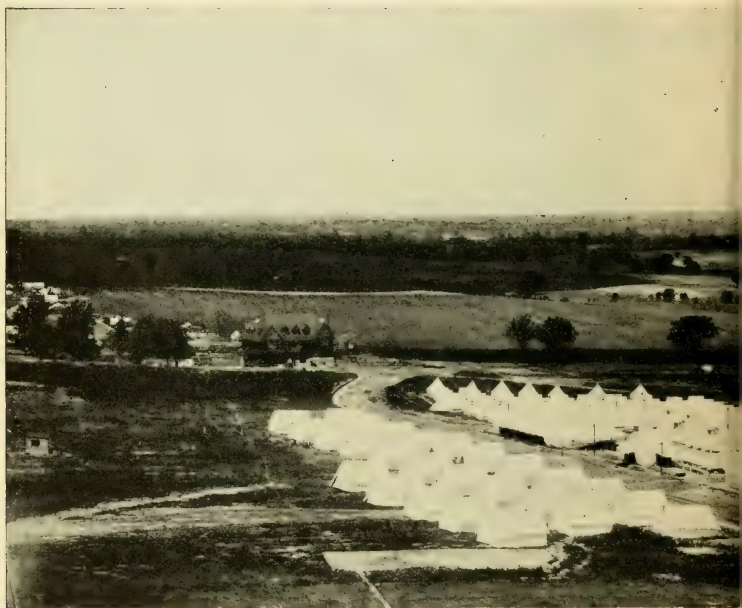
As a bait to attract women, Lewis launched the Founders' Chapter, to be composed of the first hundred thousand members who sent in fifty-two dollars each. Men could get in for twenty dollars. He promised one



¹University City Plaza looking eastward down Delmar Boulevard

²Same view in 1903 when the site was purchased by the Lewis Publishing Company

³Artist's sketch prior to erection of present buildings

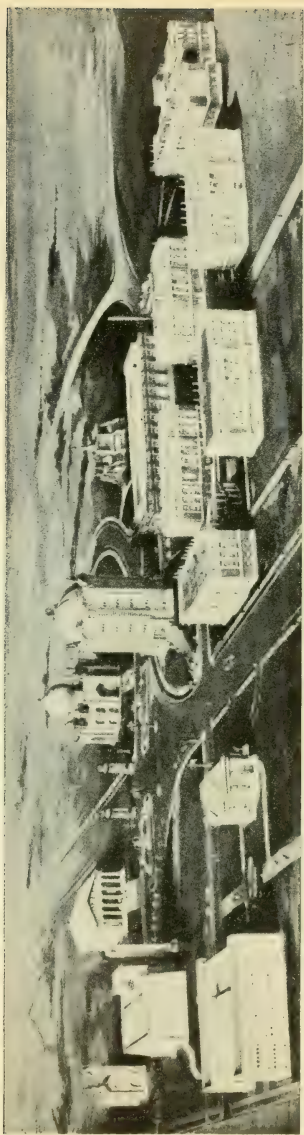


¹Panorama of University City, showing the improvements of the Lewis Publishing Company and system of parkways laid out by the landscape engineers of the University Heights Realty & Development Company

²Same view (in part) in the early summer of 1904, showing the above grounds occupied by Camp Lewis. This view shows the condition of the estates of the Uni-



iversity Heights Realty & Development Company when first purchased by the Development & Investment Company. This tract was then far beyond the extreme outskirts of the residence district of St. Louis. Land development and building activities even farther westward are now rapidly proceeding both to the north and south of this location



Complete model of University City Plaza, showing institutions and buildings projected by Lewis. This comprises his ideal conception of the central group of the "City Beautiful" as the capital of the women of America. Five of these buildings, i. e., the homes of the Woman's Magazine, and of the Woman's National Daily, the Magazine Press Building, the Art Academy of the American Woman's League and the City Hall of University City have been erected.

The structure shown in the rear of the City Hall is the proposed University City school building. The quadrangle of five buildings occupying the angle between the Woman's Magazine and Press Buildings and the Art Institute are additional structures projected for the Peoples' University. The model of the Parthenon was proposed by Lewis as the home of the Peoples' Savings Trust Company. The model of the Taj Mahal was designed as the head chapter house of the American Woman's League. The structure in the extreme left background is the proposed Methodist Episcopal Church, South. The Gothic building is the proposed Episcopal Chapel, the cornerstone of which is laid but which has never been erected. Lewis contends that if the hand of the Government had been withdrawn this ideal scheme could have been consummated in its entirety. No similar project of a group of buildings devoted to the dissemination of popular literature and enlightenment among the masses has ever been projected. This scheme may be taken as a type of the constructive workings of Lewis' imagination. Lewis is often called a "dreamer," but his dreams tend to take on concrete reality.

million dollars of publishing company stock. He said this endowment would pay one million dollars the first year and several times that thereafter.

Last year the league was announced to have twenty-six thousand life members at fifty-two dollars each. This would have made a fund of one million, three hundred and fifty-two thousand dollars. Last fall, after persistent demands for an accounting, Lewis said he had received only some eight hundred and ninety thousand dollars. He had paid out over one million dollars. Nothing came of the great educational university except correspondence lessons from three existing concerns with which Lewis had contracted. The league is now said to have nothing but an indebtedness of about two million dollars.

Last summer, when Lewis had defaulted on the notes of all his enterprises, including his trustee notes, and money had quit coming into the league, he had a "hurrah for Lewis" meeting in this city.* He insisted that every one of his schemes had proved a fortune maker, and boasted of eight million dollars of assets, with liabilities of only one-third of that amount. He said that if a building fund of two and one-half million dollars could be raised all his enterprises could be financed. He proposed to issue debentures against this fund, and in spite of past experiences the women gave up one and one-half million dollars more for debentures.

From these schemes the postoffice authorities estimate that Lewis had taken in ten million dollars. He is still optimistic. He hopes to have his trial set down for the week of October 23, when the American Woman's League is to have its convention in St. Louis.

"My trial will draw twenty-five thousand more women than the convention," he says.

LEWIS AND HIS PUBLICATIONS.

Occasionally a newspaper paragrapher attempts to sum up the Lewis case by means of a signed article. The writer of the following extract from the Houston (Texas) Chronicle appears to have attempted to inform herself, by examination of the Lewis publications and by reference to the original documents of the Postoffice Department. This story, headed "Lewis and His Publications," by Miss Grace Phillips is a good illustration of the difficulty of grasping the true facts of the Lewis case from sources of information hitherto available.

There is no doubt that the arbitrary power vested in the postmaster-general by the Postoffice Department is dangerous. So is the power of the President as commander-in-chief of the army and navy, or that of congress to declare war or coin money. It is expected in all three cases that this power will be exercised with discretion and judgment. There are few cases on record where it has not been. That of E. G. Lewis is most certainly not an exemplification of the latter. This is shown by his own publications.

I knew the Woman's Magazine as a clean, attractive little monthly. It was printed on fairly good magazine paper, and embellished with many cuts. Its cover pages compared favorably with those of most magazines, whose single copy cost as much or more than the Woman's Magazine for the year. It was utterly out of the question to suppose that the cost, five-sixths of a cent per copy, paid more than the expense of sending it out. I remember, also, the first picture I saw of the home of the Woman's Magazine and its curving marble stairway. After that there wasn't so

*This phrase is a clear "give away." It shows that this article although printed as a news item from Washington in the Boston Herald was actually prepared in some newspaper office in St. Louis. By whom or for what reason, can only be conjectured.

very much to remember, except University City, the publishing house, and those marble stairways. It was about this time the "persecutions" by the Postoffice Department began.

The Daily started the same way—first as a general newspaper at one dollar per year. It was readable, general in scope and clean in contents, and must have been a godsend to tens of thousands of families who had never before subscribed to a daily paper, and who, probably, otherwise never would have been able to do so. As in the case of the Magazine, it was utterly useless to suppose that the cost of the Daily, one-third of a cent, more than paid for sending it out. Its revenue came also from University City. It exploited in turn the People's Bank, the People's Savings Trust Company, the League, the Realty Company, the University, the Daily itself, the Fibre Stopper Company, the Readers' Pool and the Debenture scheme, all originating in and centreing around that little St. Louis suburb and forty-year-old Mr. Lewis himself.

I have not the slightest desire of disparaging any good Mr. Lewis may have intended to do. But as he started, according to his own statement, with less than five dollars a few years ago in St. Louis, and is now writing about his millions, and this without a day of manual labor, we realize that he must have made this out of the labor of many other working people. Let us see who these are: He has gotten from American women ten million dollars in the last ten years. And this is how he obtained it. It is difficult in speaking of Mr. Lewis to talk of less than millions, but truth and a desire for consistency impel me to mention that his first plan for saving womankind from the rapacious claws of capitalized wealth was an endless chain letter. Each recipient was to send ten cents for ten more circular letters. These they were to mail. The proposal was that when the chain was complete the sender of the dime should receive a thirty-dollar watch or bicycle. The Postoffice Department stepped in and broke the chain. In retaliation, I suppose, for not receiving the watch or wheel, they have been hounding Mr. Lewis ever since.

When this was stopped his publishing proclivities took concrete and active form. Then the Woman's Magazine, a circular letter for the People's Bank, was started. Out of the ten thousand shares of stock issued Lewis held all but eighty-five at the time of organization. Complaint was soon made that this bank, through Mr. Lewis, was using the second-class mailing privileges fraudulently—that is, for soliciting money for bank stock of an unsafe institution. A hearing was held by the Postal Department. Upon recommendation of the assistant attorney-general for the Postoffice Department, and after the attorney-general of the United States had rendered an opinion it issued the now famous fraud order.

Here are some of the things the Department found: In soliciting subscriptions Lewis represented that he himself would take and pay for one million dollars of the stock. The board of directors would be composed of seven strong financial men. The directors could not and would not loan either to themselves or the president, Mr. Lewis, a single dollar of the bank's funds. The Supreme Court of Missouri appointed a receiver and closed this bank. In their decision they say:

"How were these sensible and practical promises kept and performed by the corporation? Indifferently well, it must be admitted. For example, the bank was organized with a directorate composed of Lewis and nominal stockholders, Lewis underlings at that, i. e., men subordinate to him in his other enterprises—mere vestpocket corporations of his—with not a banker in the lot, and within a few months of its organization nearly a million dollars of its capital is found loaned to the said publishing company, thus doing exactly what he had promised should not be done."

The evidence showed the following frenzied financiering: On the day after the postal inspectors began their investigation, Lewis deposited as assets of the bank two notes for two hundred thousand dollars to cover

money expended by himself. One of these notes, for fifty thousand dollars, was unsecured. The other, for one hundred and fifty thousand dollars, was signed by employees of his. At the time the capital of the bank amounted to two million dollars Lewis had appropriated for his own investments over nine hundred thousand dollars, invested forty-five thousand dollars in stocks of his own enterprises and had agreed to loan sixty-five thousand dollars on an unsecured note.

This article then closed with a discussion in similar vein of the American Woman's League and a warning to the women of Houston who were interested to beware of that organization.

IS BANKER LEWIS FRAUD OR VICTIM?

The story of the People's United States Bank, for reasons which will appear, resulted in enormous newspaper publicity. The following news item, from the Chicago News of July 11, 1905, under the caption, "Is Banker Lewis Fraud or Victim," was among the first serious discussions in the great out-of-town dailies immediately after the fraud order was issued. The following headlines are characteristic of the sensational manner in which the story has been most commonly handled.

"Is Banker Lewis Fraud or Victim"? "Romance of Rise of People's United States Bank is a Fairy Tale in Realm of Finance." "Lures Vast Hidden Funds." "Promoter Feels Heavy Hand of Stern Postal Authorities, but Still Retains His Superb Nerve."

In "going after the money in socks and under carpets," E. G. Lewis, promoter of the People's United States Bank of St. Louis, discovered wealth greater than that in gold mines. The gold turned up by his remarkable prospecting is in coin and good paper of the realm.

How he lured two million, four hundred thousand dollars from the pockets of frugal and suspicious rural folk makes a story which is a climax to his daring ventures in the magazine field. His publication, the Woman's Magazine, has, according to postoffice receipts, a circulation of one million, six hundred thousand. His Woman's Farm Journal has a circulation of seven hundred thousand. He sends either of his papers for ten cents a year. In six years he has built up his business from an original modest capital of one dollar and twenty-five cents.

OF TIRELESS ENERGY.

This was not enough for Lewis' tireless energy. He also engaged in the real estate business on a large scale. He invented a coin slot machine for telephones and a rapid addressing machine. He started a bank which within a few months had a paid-up capital of more than two million dollars.

All the bank stock was sold through advertising in his magazines. His readers, with few exceptions, live in small towns and the rural districts. They have been taught to look up to Editor Lewis as an oracle, a financier of the greatest ability, and a man whose honor is not to be questioned. In answer to his advertisements he received one remittance of five hundred dollars from a man in Pennsylvania. The money was in twenty-dollar gold pieces. It was wrapped in old newspapers and bound up with an old pair of suspenders. The letter accompanying this deposit informed the banker that it was the result of seventeen years' frugality.

FEARED TO TRUST JAKE JONES.

"I send you this money," wrote another purchaser of stock, "because Jake Jones, who runs the home bank here, robbed my apple orchard when he was a boy, and I am afraid to trust him."

Another man said he was glad to have a chance to deposit his money in a St. Louis bank. His letter said:

"Bill Applegate keeps books in the bank here, and I know if I put my money in there he will tell everybody in town how much I've got."

He has taught each of the stockholders to speak and write of the bank as "our" bank.

Lewis not only uncovered secret hordes in country homes. He also had a design to enlist co-operation by country bankers. He planned to have his certified checks on sale at country banks throughout the country, and even in all foreign countries. His scheme was to supply banks with his certified checks, to be used to remit money through the mails. The country banker was to sell the check and deposit the amount received in his own bank to the credit of the People's United States Bank at three per cent.

Chicago mail order houses have already begun to feel the influence of the bank, and within the last few months thousands of dollars have been remitted by that method.

ST. LOUIS BOWED DOWN.

During the St. Louis Exposition the Lewis Publishing Company kept open house in its new building near the exposition grounds. It maintained a camp for its subscribers at a cost of seventy-five thousand dollars, and its searchlight attracted attention from all visitors. St. Louis spoke of Lewis as its coming man. Until the Government discovered alleged fraud in his bank, Lewis was considered a great and honorable financier by thousands of his fellow townsmen. He is thirty-five years old. Since he graduated from college he has been engaged in publication ventures. One after another failed before he started the Woman's Magazine. For this he secured subscribers at such a rapid rate by the endless chain system that there were not presses of sufficient capacity in St. Louis to turn out the required number until he set up his new plant near the exposition.

LEWIS, THE FINANCIER.

That the same theme has lent itself to the service of the editorial leader writer is apparent from the following excerpt from the Minneapolis Times, of July 14, 1905, entitled "Lewis, Financier."

Is E. G. Lewis, of the People's United States Bank of St. Louis, a fraud, a genius, or an abused man? That he may have been a fraud remains to develop. That he was a genius of the Rockefeller order is certain. That he was an abused man is possible, but hardly probable.

Aladdin's lamp never produced more remarkable things than did this same Lewis, when he brought two million, four hundred thousand dollars from the stockings, the carpets, mattresses and other money-hiding places of the rural population of many states. The owners of these millions are naturally the most suspicious and at the same time the most gullible of victims. But in these days they are learning caution and demand to be shown.

That Lewis was a publisher of great ability is not questioned. Had he avoided the bank idea and stuck to the publishing business he might have made his pile in a few years. Starting six years ago with a capital of one dollar and twenty-five cents, Mr. Lewis has, in the interim, built up two monthly magazines, one with a circulation of one million, six hundred thousand, the Woman's Magazine, and the other, the Woman's Farm Journal, with seven hundred thousand average circulation. This is a business record that stamps Lewis as a circulation builder of rare ability. There is hardly a daily paper in America that would not pay him a big salary.

This thirty-five-year-old man, Lewis, was one of the ornaments of St. Louis. His townspeople considered him the legitimate successor of Russell Sage before the developments that led to his downfall.

Lewis has not accepted the interference of the Government with good grace; he has even secured a temporary injunction against the Postoffice Department, preventing the stamping of his mail "fraudulent," and its

return to senders. He will try to make good his claim to purity in business. Verily, the days of miracles are not over.

WILD-CAT FINANCIERING.

The following editorial, entitled "Wildcat Financiering," from the New York Commercial, was reprinted by the Peoria (Illinois) Herald-Transcript of July 12, 1905. It affords a good illustration of the manner in which news items and editorial opinions are diffused by republication throughout the rank and file of the daily and weekly press.

Another brilliant example of wildcat financiering has come to light in the affairs of the failed People's United States Bank of St. Louis. Confiding depositors, on the very best showing that the receiver can make in his estimates, will lose six hundred thousand dollars. The total amount of paid-up subscriptions and stock was two million, four hundred and thirty-five thousand dollars. This immense sum was gathered in by one Edward G. Lewis, who was a money-maker of the most earnest modern variety. He succeeded with a mail order magazine and forced its circulation up beyond the dreams of the regular weeklies and monthlies. Money seemed so plentiful and so easy to take that Lewis deemed it a sin to permit it to lie around loose in the hands of incompetent owners. So he started a bank and gave the people who read about it in his magazines the privilege of becoming their own bankers. Everybody would be part owner of a bank! Oh, inestimable privilege! And Lewis was right. Thousands bought stock, and then deposited their remaining change in their own bank. Such a privilege!

Lewis was the man behind the bank, so to speak. As the golden stream came into the People's Bank from the people, he "took what he wished and left the rest," as Kipling has put it. He might have gotten it all, indeed, in course of time, had not some one stumbled onto his ingenious scheme of financiering. Hence, the court proceedings—and the subsequent loss to investors.

The St. Louis concern with the high-sounding title was presumed to be owned by the people who bought the stock. It really was a one man bank. All that came to the mill was grist for Lewis. Are more examples of crookedness required to awaken officers to a proper sense of their duty?

FANATICAL FINANCE.

The Post-Dispatch of St. Louis is the representative in that city of the Associated Press, unquestionably the most powerful organ of publicity in the world. The motives of that newspaper in its discussion of the subject of this story will appear hereafter. Here it is sufficient to observe how admirably the following Sunday supplement feature, originally printed under the caption "Fanatical Finance," lends itself to the out-of-town newspaper paragrapher in search of the sensational for interesting copy. Newspaper psychology is unerring in its selection of a point of contact with the common mind. Every reporter and editor instantly perceives that the personality of Lewis is the central issue. Observe how this story is handled so as to throw the biography of the hero—or as Lewis is here regarded, the villain—into high relief.

Edward G. Lewis, five feet five inches tall, who five years ago came to St. Louis selling "Anti-Skeet," is the newest prophet of that cult which teaches the gospel of get-rich-quick.

In five years, from a start, if his own statement is to be accepted, of one dollar and twenty-five cents, he has risen to a position of leadership

which, according to the statements of a receiver, a bank examiner and others, will cost his followers in one enterprise alone six hundred thousand dollars.

He did it all by a vigorous campaign of promising much for little. He pointed to one venture which was a success, and declared an original investment of five dollars in that venture would have netted the investor five thousand dollars.

That was enough.

The cupidity of the credulous ones was aroused. From old stockings, old pots and kettles and old holes in the floors there came pouring in to him a total of approximately two million, seven hundred thousand dollars in less than a year.

Lewis became a deity in the minds of his fanatical worshipers. They did not question his remarkable statements. They asked for nothing, except permission to "get in on the ground floor"—and they took no thought of the fact that the man on the ground floor is in the greatest danger when the superstructure collapses.

LEWIS LIKE DOWIE.

Lewis, in the field of Fanatical Finance, is much on the order of Dowie.

He is not like Arnold and Ryan and Major Dennis and others of the strictly get-rich-quick concerns which flourished before him, except in his long reach for cash and his power to drag it from the secret hiding places of men and women all over the country. He is more like Dowie in that his followers believed in him fully, and that all but a very small percentage of them seemingly refused to doubt him, even after the post-office and state investigations had been started.

Lewis' words—and he is a prolific word-monger—were believed by his more than a million followers. Lewis' building—a towering structure of ornate and attractive design, set high on a hill where twelve million World's Fair visitors could not help seeing it—lingers in their memory as a temple. Lewis' promises of great wealth from little risk whisper pleasantly, despite the din produced by the relation of facts.

And therefore Lewis' followers kept on digging more deeply into their old socks, their old pots and kettles and their old holes under their floors to get more money to send him, even after the fact of State and Federal action was generally known.

Since the issuance of the postal fraud order Lewis has received a large sum of money which he has turned over to the receiver for his bank.

POWER OF PROMISE.

In lifting himself into his present position, Lewis relied almost wholly upon the Power of Promise. This gave him his start, and his graduation from "Anti-Skeet" to the Woman's Magazine, the University Heights Investment and Development Company, a half-dozen other concerns, and finally the most gigantic of them all—the People's United States Bank.

With the Power of the Promise, employed vigorously through the columns of his magazine, whose cheap price gave a wide circulation in homes where few or no other publications entered, he lifted the lids on remote family strong boxes, and attracted a golden stream to the Lewis coffers.

He pointed to his building, or to the picture of it, and said:

"See what one dollar and twenty-five cents has done under my management in five years. Give me your dollars and quarters and I will make them multiply even as my own has done."

And the money came.

MAKE "PLAIN PEOPLE" A POWER.

And thus would the plain people—those from the headwaters of the creeks, the necks of the woods, the remote fastnesses of the forests and the

isolated localities of plantation and range and field, become the real money-power of the Nation, if not of the world.

Their bank would be the most powerful in history; its support would be sought before any great thing was done; its help would be solicited ere any powerful railroad, any great financier, or the Government itself, undertook a great enterprise.

Did J. Pierpont Morgan desire to startle the world by some Titanic performance in finance? His first step would be negotiations with the People's Bank—the bank owned by the people who heretofore had never been considered, much less consulted, when anything was being done.

Did the Government want to issue bonds for some great undertaking? The bank which held the money that came from old stockings, old kettles and pots and old holes under the floor would have to be consulted in advance.

MILLIONS IN IT.

And notice was served that the People's Bank would not lose money through the power it thus held. It would make a profit on everything, and this profit would go into the purses of the farmers, the farmers' wives, the small merchants and mechanics, the clerks and stenographers whose wise acceptance of opportunity to combine their wealth had placed them in the position of financial dictators of America.

Were there doubters? There loomed before them a photograph of the Woman's Magazine Building, and this statement:

"Great office building of the Woman's Magazine and Woman's Farm Journal (Lewis Publishing Company) erected for cash, without mortgage or lien, at a cost of over half a million dollars, in five years, from a start of one dollar and twenty-five cents. This shows what can be done if enough people combine to do it, even at ten cents per year each."

Lewis preached this gospel of great wealth for the common people, if they would send him their money, with a persistency and insistence which could not be excelled.

He preached it with a gigantic searchlight mounted on the top of his building and flashing its gleam into the faces and memories of all World's Fair visitors and all others who were within a radius of forty miles. He preached it with the vociferous voice of his magazines with their enormous circulations. He preached it with pamphlets and letters and circulars. He preached it through the tongues of his followers, each of whom became a disciple who was not afraid to let his voice be heard.

The searchlight was a flame into which the moths dashed. The voice was a siren song. It lured them to linger and forget their pain even while they were being scorched.

LEWIS' VAST EXPLOITS OF THE LAST TEN YEARS.

The number and variety of Lewis' interests and enterprises have always appealed to the newspaper men as "good copy." Numerous compilations have been published. The first attempt was part of the great "scoop" published by the St. Louis Post-Dispatch on May 31, 1905. It was based on information compiled by postoffice inspectors. The Post-Dispatch widely heralded this story as a "beat," or exclusive article, secured in advance of other St. Louis newspapers. This, coupled with the sensational nature of the story, attracted the universal attention of exchange editors. Clipped and filed away in the morgues of the principal newspapers, it has become the source of many subsequent articles. The following paragraphs, under the subhead "Lewis' Vast Exploits of the Last Ten Years," are but a small fraction of the original Post-Dispatch story. The remainder will appear in due course hereafter.

According to information compiled by postoffice inspectors, it is stated that in August, 1895, Lewis was in Nashville, Tenn., selling a tablet composed of saltpeter and insect powder, a mosquito preventive. It was said that he was badly in debt, and that a certain Howard E. Nichols loaned him one hundred and fifty dollars, and agreed to exploit the business in Memphis. Having some success, Lewis organized a company, but shortly afterwards the business failed, and was taken charge of by the sheriff.

A preparation for perspiring feet and a tooth powder started by Lewis and Nichols, who had been associated with him in Tennessee and in the Diamond Candy Company, enjoyed good sales one summer, but after that died out.

The Progressive Watch Company was started in October, 1898, with a plan to sell watches on an endless chain system. This business was not profitable. About April 1, 1899, the Postoffice Department denied this company the use of the mails, issuing a fraud order.

The Winner Magazine was then started. The Progressive Watch Company, then known as the Mail Order Publishing Company, was merged into the Winner Magazine. Soon the National Installment Company was started. This was a scheme to sell jewelry on the installment plan. The plan did not pay, and was dropped.

The Development and Investment Company followed this. This company, it is alleged, was designed as a holding company for the various other companies operated by Lewis, or to be later started by him. Some money was made in this, the profits going to pay the debts of the Winner Magazine.

In 1901 Lewis obtained five thousand dollars from a St. Louis business man, a part of which was used in making a first payment on the purchase price of the Woman's Farm Journal, and the remainder in paying the debts of the Winner Magazine. The Journal was owned by F. J. Cabot, who is now interested in the Lewis magazines and in the bank. The remainder of the purchase price was paid Cabot in stock of the Development and Investment Company.

Nichols and Lewis separated May 12, 1902. Since that time Lewis has organized and incorporated the University Heights Realty Company, Allen Steam Trap Company, Lewis Publishing Company, United States Fibre Stopper Company, California Vineyards Company, Camp Lewis, Bachelor Pneumatic Tube Company, the World's Fair Contest Company, and the People's United States Bank. He has increased the capital stock of the American Coin Controller Company, the Development and Investment Company, and the People's United States Bank.

THE SCHEMES OF E. G. LEWIS.

Everyone has doubtless played the game of Rumor or Scandal, whereby one person of the company whispers a story to his neighbor. He in turn whispers his understanding of the same story to a third, and so on around the circle. The last person in order tells the story aloud, usually to the astonishment of all present. All who have tried this experiment will appreciate the humor in the development of the paragraphs just given from the Post-Dispatch in 1905, to the following article from the St. Louis Censor, a St. Louis weekly of local circulation. An analysis of this article shows traces of the newspaper story of Lewis' early days from the Hartford Globe, of the Post-Dispatch stories based upon the postoffice inspectors' reports, and of many similar sources of information. On comparison with the facts concerning Lewis' various incorporations, the follow-

ing lists will be found to shrink by approximately two-thirds. The sardonic humor of the accompanying paragraphs, entitled "The Schemes of E. G. Lewis; Being a Complete Review of His Many Promotions," will then be apparent.

That old saw, "fact is stranger than fiction," is borne out every day in the various Lewis cases. If the prototype of this man had been introduced to the public as the hero of a Chesterton novel the author would have been ridiculed for his exaggeration. I have compiled a list of Lewis' many promotions, and I am certain the reader will marvel at the versatility shown by the promoter. This list was obtained after some trouble. It is authentic, and is as nearly chronological as possible. Moreover, it is published in the Censor for the first time:

CORROCO TABLETS: A preparation made and sold by Lewis while he was a student at Trinity College. It was a cure for the tobacco habit. Appealed especially to women, who could put tablets in coffee without husbands, sons or brothers suspecting its presence.

SARSAPARILLA BLOOD MEDICINE: Lewis manufactured and sold this in Bridgeport, after leaving college. Lost in this all he had made by the sale of Corroco.

DIAMOND SALES COMPANY: In this Lewis acted as sales agent for a New York broker, who represented an Amsterdam house.

WATCH SALES COMPANY: Lewis here represented the Waterbury Watch Company as demonstrator.

CATHARTIC MEDICINE COMPANY: A company formed at Nashville, Tenn., for the manufacture of a medicine called Laxative Prunes.

ANTI-SKEET COMPANY: Also at Nashville; manufactured a tablet which, when set on fire, made a cloud of smoke supposed to be deadly to mosquitoes.

BUG CHALK COMPANY: This was a chalk that would draw a line over which bugs could not crawl.

ANTI-FLY COMPANY: A tablet similar to Anti-Skeet, which had to be burned to be effective.

CORROCO COMPANY: This was a corporation formed in Nashville, the name similar to the first preparation manufactured. It took over all the Tennessee preparations, such as Anti-Skeet, Anti-Fly, Bug Chalk, etc. There was some trouble with stockholders, and the sheriff of Nashville wound up the concern.

THE CORONA COMPANY: This was the first corporation organized by Lewis in St. Louis. It included the various bug poisons which had been properties of the Corroco Company in Nashville. The Moffett-West Drug Company was interested for a time with Lewis in the Corona Company.

DR. HOTT'S COLD CRACKERS: A remedy one might suppose was on the order of Uneeda Biscuit. Not so. These were pellets which would "crack a cold in an hour."

HUNYADI SALTS COMPANY: A stomach preparation which infringed on the rights of a foreign bottling house.

DIAMOND CANDY COMPANY: Said to have been a meritorious proposition, but failed for lack of capital. Molasses candy, put up in yellow tissue paper, like the Yellow Jacket of more recent date.

HYGIENIC REMEDY COMPANY: Formed to take over several preparations.

WALK-EASY COMPANY: As its name implies, this was a foot-powder, to be dusted into shoes.

ANTI-CAVITY COMPANY: A drug that would instantly stop tooth-ache.

PROGRESSIVE WATCH COMPANY: This was an endless chain scheme. A dollar would be paid down, and when the purchaser sold a cer-

tain number of coupons for a dollar each, and had remitted the total to Lewis, he would receive a gold watch. Stopped by the Federal officials.

MAIL ORDER PUBLISHING COMPANY: A company formed to exploit cheap jewelry. Published the Winner Magazine.

NATIONAL INSTALMENT COMPANY: Formed to sell watches, jewelry, etc. The purchaser would pay thirty-three and one-third per cent down and the balance monthly. In all cases the first payment covered the cost of the article and allowed a small margin of profit. The rest was velvet.

LEWIS ADDRESSING MACHINE COMPANY: A stock selling proposition. No machines ever sold.

COIN CONTROLLER COMPANY: A corporation in which Lewis interested many St. Louis bankers. Every cent anybody put into it was lost, for it was soon discovered that the device infringed on the patent of another.

THE MAIL DEALERS' PROTECTIVE ASSOCIATION: Formed to aid mail order houses to collect delinquent accounts.

WOMAN'S FARM JOURNAL COMPANY: Published a magazine that gained a large circulation through methods questioned by the postoffice.

WOMAN'S MAGAZINE: A periodical exploited as having the largest circulation of any publication in the United States. Ultimately refused admission through the mails.

ALLEN STEAM TRAP COMPANY: Manufacturers of a device to catch condensed water and send it back to the boiler. A good-talking device for stock selling purposes, but not practical.

UNIVERSITY HEIGHTS REALTY AND DEVELOPMENT COMPANY: A corporation with which St. Louisans are more or less familiar, and out of which grew University City.

THE RICHARZ PRESSROOMS COMPANY: Formed to print the Woman's Magazine and Woman's Farm Journal.

CONTROLLER COMPANY OF AMERICA: A great national company, formed to take over the local company. Much stock sold, but company wound up for infringement of patent.

WORLD'S FAIR CONTEST COMPANY: A guessing contest as to attendance at the Louisiana Purchase Exposition. It was really a lottery, cleverly carried on so as not to break the letter of the law.

CALIFORNIA VINEYARDS COMPANY: Land to be cultivated for purchasers who bought on the installment plan.

LEWIS PUBLISHING COMPANY: A corporation formed to take over many of his enterprises.

FIBRE STOPPER COMPANY: To manufacture bottle stoppers out of wood pulp. Much stock sold; no machines.

PEOPLE'S UNITED STATES BANK: A mail order money scheme that grew like a prairie fire. Wound up by Federal and State officials. Depositors recovered less than one-half.

PEOPLE'S SAVINGS TRUST COMPANY: A banking scheme that succeeded the bank.

INTERNATIONAL LANGUAGE SCHOOLS: To teach foreign languages by correspondence.

ART POTTERY COMPANY: Lewis claimed to have discovered a wonderful clay in University City. He sent to Europe for an expert who would run a china factory. Stock sold on report of clay deposit and expert coming.

HYGIENIC REMEDY COMPANY: This was revived by Mrs. Lewis, who advertised in Lewis' publications and conducted a mail order business in many nostrums.

WOMAN'S NATIONAL DAILY: A newspaper which Lewis said would revolutionize the publishing business. Gone a-glimmering, like all the rest.

ST. LOUIS STAR PUBLISHING COMPANY: Purchased from Na-

than and August Frank; part cash; mostly paper. Used as a great stock-selling enterprise, nearly twelve thousand persons buying stock. Question of this stock issue to be aired in court. Newspaper now said to be back in control of the Franks.

ST. LOUIS SUBWAY COMPANY: A proposition that gave Lewis opportunity to talk in big figures.

WOMAN'S NATIONAL LEAGUE: A scheme recently fully described in these columns.

"What has become of those various enterprises?" I asked an intimate friend of the promoter.

He shook his head, for he didn't know.

And of all the millions of dollars that have passed through Lewis' hands, how much do you think he has salted away?

"Very little, if any," he said. "Every time Lewis took anything in, it went to bolster up some other project. All his life he has been stepping from one cake of ice to another, like Eliza in 'Uncle Tom's Cabin.' It was impossible, under such circumstances, for him to accumulate anything."

OTHER PEOPLE'S MONEY.

The most recent and exhaustive summary of Lewis' alleged schemes appears in a tabulation from the Rural New Yorker, of October 7, 1911. The publisher of the Rural New Yorker, Mr. John J. Dillon, may be fairly said to have developed the most extreme case of Lewisomania of which there is any record. Dillon, as the avowed champion of the Postoffice Department, would seem to have had access to their sources of official information. His belief in both the official theory of the Postoffice Department, that Lewis is a law-breaker; and in the newspaper theory, that he is a get-rich-quick schemer, amounts to a species of fanaticism. Further reference to the campaign against Lewis of the Rural New Yorker will be necessary in connection with the American Woman's League. But the reader should know that Dillon is engaged in a crusade for Lewis' extermination. Otherwise the rancor in the following paragraphs would be incomprehensible.

Whether the alleged letter with which this article opens was actually written by "A Victim," or was in fact manufactured for the occasion, is a question suggested by glaring inaccuracies and misstatements in the succeeding paragraphs. The caption is "Other People's Money."

Why not publish a list of the E. G. Lewis schemes and companies he promoted? The people who have been caught with one scheme would be interested to know of others and the list would serve to show the scheming activity of the man.

A VICTIM.

Pennsylvania.

We would not feel justified in attempting a complete list. St. Louis daily papers, the Financial World of New York, and the Censor Magazine of St. Louis have already published lists more or less complete. In some of the mail order schemes he seemed to have only an indirect interest. The following list* is nearly if not quite complete:

*Diamond Sales Company, Watch Sales Company, Cathartic Medicine Company, Anti-Skeet Company, Bug Chalk Company, Anti-Fly Company, Corroco Tablets Company, The Corona Company, Dr. Hot's Cold Crackers, Hunyadi Salts Company, Diamond Candy Company, Hygienic Remedy Company, Sarsaparilla Blood Medicine, Walk-Easy Company, Anti-Cavity Company, Progressive Watch Company, Mail Order Publishing Company, National Instalment Company, Lewis Addressing Machine Company,

Practically all of these, except the League, are now defunct, or out of his control. Several of them are in the hands of the receiver recently appointed by the court. But since the receiver took over his concerns he has proposed two more companies: The University Heights Publishing Company* and the Regents Corporation. He is, however, under indictment by a Federal Grand Jury charged with fraud in four of the above schemes, and it is not likely that he will venture promises extravagant enough to induce many people to part with their money.

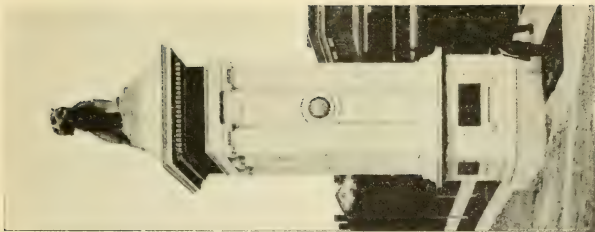
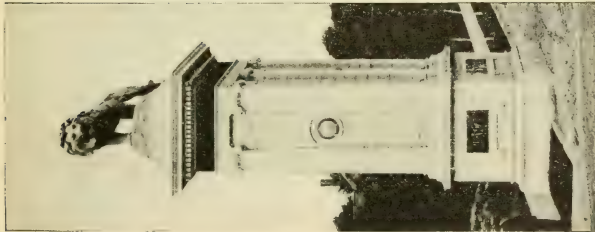
It is only fair to say that the candy company has been regarded as a legitimate business, but failed, and that the endless chain scheme was not classed as a lottery by the Postoffice Department at the time Lewis started it. The World's Fair Contest was, however, started later, and was a lottery pure and simple. Even Lewis now admits as much. The Rural New Yorker and other papers were solicited to go into it at the time, as it contained a scheme to increase subscriptions. We, of course, turned it down with a smile and a bang. But on Lewis' own testimony it took about two hundred thousand dollars out of the pockets of the people and about one-half of that was profit to him.

Of course it is impossible to tell now just how much money he has collected from the people on shady schemes. It is variously estimated from eight to ten million dollars. It is practically all lost to the people who sent it to him. Much of it was sent him from seven to ten years ago. Practically no interest or dividend has been paid. Many of the victims are dead. Others have given up hope of return. At first it was thought that the mortgage notes would be good. But it is now found that many of the notes are not secured at all. In some cases the mortgages were nearly five times the original purchase price of the land. In other cases mortgage notes were sold, and after the money was received promissory notes were issued instead of the secured notes. Stock was sold under the promise that a fifteen per cent dividend was about to be declared, and that it would pay one hundred per cent within the year. Members of the League were promised extravagant and numerous benefits, and millions of endowments. One alone was to furnish an annual payment of twenty to thirty dollars for life. In lieu of this, one twenty-dollar ten-year worthless debenture note has now been substituted. Instead of the millions of promised endowments the League is, on his published admission, hopelessly in debt. The correspondence schools have refused lessons because previous service was not paid for. Papers on his list have refused to fill subscriptions for the same reason.

Yet, with all this record, Lewis goes right on and organizes two new companies. He appeals to the people to put their money into one of them in the hope of making profit out of enterprises which he has already abandoned because he had operated them at a loss. If any person wants to part with money to such enterprises, we have no protest to make, but we want our people to know the facts.

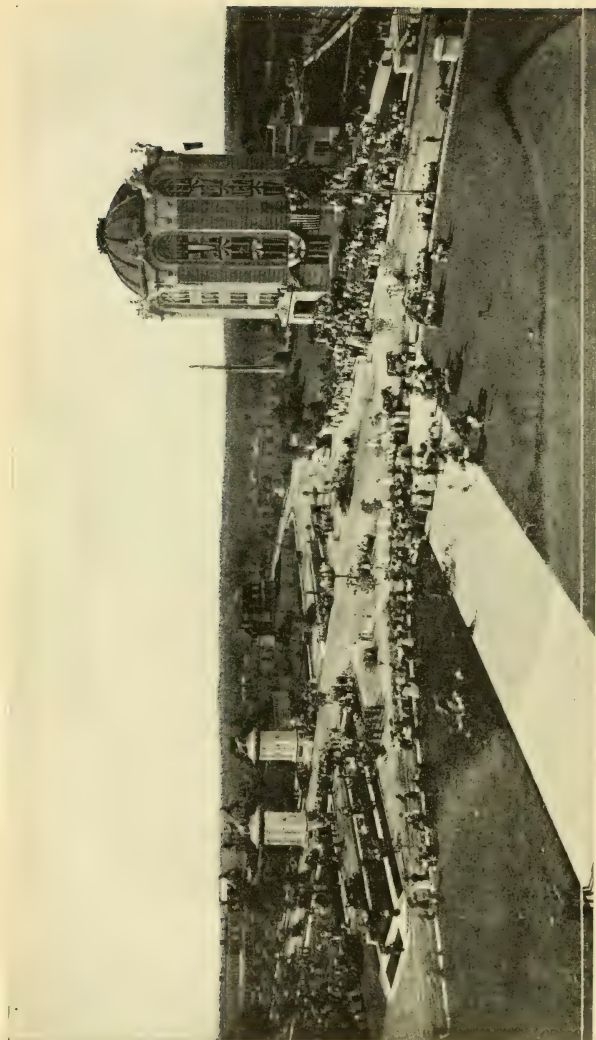
Coin Controller Company, Mail Dealers' Protective Ass'n, Woman's Farm Journal Company, Journal of Agriculture, Woman's Magazine, Allen Steam Trap Company, University Heights Realty and Development Company, Richarz Pressrooms Company, Controller Company of America, World's Fair Contest Company, California Vineyards Company, Laguna Chico Plantation, Lewis Publishing Company, U. S. Fibre Stopper Company, People's United States Bank, People's Trust Company, International Language Schools, Art Pottery Company, Hygienic Remedy Company, Woman's National Daily, St. Louis Star Publishing Company, St. Louis Subway Company, American Woman's League, Development and Investment Company, Readers' Pool, Builders' Fund, Success Magazine Endowment, The Founders' Chapter, Men's University League, Chemical Frieze Company, Faultless Suspender Company, Art Museum Society, Camp Lewis Company, Bachelor Pneumatic Tube Company, Pacific Trading Company, Ozark Herb Company, Telephone Controller Company, The Debenture Scheme, Moffett-West Drug Company, Endless Chain Scheme and Lottery, Edwards Publishing Company, Claire Art Company, Publishers' Reorganization Company, Depositors Agreement, Woman's Republic.

*This is probably a mistaken and inaccurate reference to the publishers of the present volume. Mr. Lewis is not, and never has been, connected, directly or indirectly, with this company.



The famous lions by George Julian Zolnay, flanking the gateway at University City, widely heralded by Lewis as the "Gateway of Opportunity." Erected 1909. The commission for the execution of these lions afforded the point of contact between Lewis and Zolnay which resulted in a contract with the latter to act as director of the Art Institute of the American Woman's League. One of the germinal ideas of the League, the decoration of University City by Honor Students of the Art Institute, sprang from this origin.

¹View of South Pylon ²Proportions of full-sized model of lion, viewed in relation to the figure of Zolnay, the sculptor ³View of the North Pylon



The University City Plaza en fête. Typical scene during the first Convention of the American Woman's League, June, 1910. This view was taken shortly after the balloon "University City" ascended from the field near the southern pylon of the entrance gates

The full-orbed conception of the Lewis case, according to the newspapers, may be rounded out by the following amusing interview from the St. Louis Censor. Further and peculiar attention to the attorneys Claude D. Hall and Judge S. H. King will be demanded at a later development of this story. The delicious humor of the comments of Attorney Hall can scarcely be appreciated without a better comprehension of the relation of that young gentleman to the receivership proceedings against the Lewis enterprises, than can, at this point, be properly afforded. Such as it is, however, this story has been set in circulation as veritable news matter, tricked out with some skill of literary style, to swell the turgid tide of mingled fact, fancy and falsehood which threatens to engulf Lewis' reputation, and cover it forever with an unexampled depth of public contumely.

THE E. G. LEWIS BUBBLE.

We accept Attorney Hall's challenge to write a book wherein to tell of Lewis' many schemes, and incidentally to pay deserved attention to the hero of the following interview. It is entitled "The E. G. Lewis Bubble."

Within the next few weeks there will be unfolded in the St. Louis courts a narrative that will prove more sensational than the tale of John Law's Mississippi Bubble or De Lesseps' gigantic Panama swindle. It concerns E. G. Lewis and his manifold activities. The reason this matter is only now being brought to a head is because for the first time a firm of attorneys in private practice has been engaged to sift to the bottom all affairs connected with the University City publisher. Heretofore the investigations and prosecutions, undertaken by Federal and State officials, have been confined to one line of procedure. It has not been in the province of those in charge of the cases to go beyond certain boundaries. Attorneys in private practice have not heretofore been engaged to thoroughly sift these affairs, because those who have claims against Lewis are so widely scattered, and the amounts of the majority of the claims have been so small, that a unity of action has never come to pass. Now, however, there is a getting together of those who have lost their money, and headquarters for a general prosecution of Lewis along all lines has been opened in the Central National Bank Building. The St. Louis attorney who leads in this activity is Claude D. Hall. Among others associated is Judge H. S. King of Powhaski, Okla., who is attorney for the Osage Indians. Judge King has been retained because of his special knowledge of receivership proceedings. He is a Mississippian by birth, and was a member of the St. Louis bar prior to his removal to Oklahoma.

In these attorneys' offices clerks and stenographers are working days and far into the nights collecting, classifying and preparing evidence which will be used in the various proceedings. So complex is the situation, and so does one event hang upon another, that with a given fact in hand it often takes one man a day to trace it back to its origin.

Meanwhile Lewis, the cause of it all, is on the Pacific slope, engaged upon his latest scheme, the American Woman's League. The last word from him came Saturday. It referred to an event scheduled to come off Friday night. The date was not kept. Some people in Los Angeles had asked Lewis to appear before them and explain what he had done with certain of their moneys. He failed to keep the engagement, sending a message that he was ill, afflicted with gall stones. Don't even smile, my reader. That is the word which was sent.

But to revert to the scene of action in St. Louis. Two proceedings already have been commenced, one in the nature of a foreclosure, and the other involuntary bankruptcy. But they are not a marker to the court case which will be filed within a few days, and which will set the whole country to talking. The Censor is not yet at liberty to state the nature of this proceeding, but it is of a magnitude to bring into the limelight everything concerning the mayor of University City and his money-squeezing schemes.

MONTE CRISTO MILLIONS.

When the Abbe Faria told Edmond Dantes that the treasure hidden on Monte Cristo Island totaled thirteen million dollars, the young man was overwhelmed with astonishment. He had never heard of such a sum being in the possession of an individual. Attorneys engaged in this research concerning Lewis state that in the last ten years he has dragged in from one source and another the sum of twelve million dollars, only one million less than the romantic mind of Dumas dared conceive for his fantastic plot.

"How much is there left?" the attorneys were asked.

They sighed as they admitted they did not know. "We can find assets valued at only two and one-half million dollars," replied Mr. Hall, "and that is principally incumbered real estate."

"Who are the losers of the difference?" I asked.

"Principally women who are scattered all over the country, from Maine to California and Washington to Florida. Of these there are evidently several hundred thousand. There were some men caught as well, principally ministers and farmers."

"Tell me how he got this money?" I asked.

"Do you want to write a book?" queried Mr. Hall. "It would fill a book to tell of his many schemes. Here is one, however, and it is well substantiated by affidavits. In 1905 Lewis purchased, through one of his companies, a tract of land now lying in University City. It was seventy acres, and cost one hundred and fourteen thousand dollars. A short time after this he mortgaged this same tract to another of his companies for five hundred, thirty-seven thousand and some odd dollars. Then his second company proceeded to sell mortgage notes in various denominations all over the country. Subtract one hundred and fourteen thousand dollars from five hundred and thirty-seven thousand and you have four hundred and twenty-three thousand dollars, which the people paid in—and paid in for what? For Lewis' imagination. To be sure, they held and still hold these mortgage notes, but what is back of the notes? Nothing, so far as the four hundred and twenty-three thousand is concerned."

THE REORGANIZATION.

"Tell me about that trusteeship scheme?" I asked.

"That is somewhat complex," said Mr. Hall, "yet the general outline can be easily given. Lewis owed the Class A publishers something like one hundred thousand dollars. Their representative, John H. Williams, visited St. Louis, in an effort to collect the money. He couldn't, and so the trusteeship scheme was thought of. It involved the turning of everything over to Williams for a term of five years; everything, mind you, including all the evidence of debt scattered all over the country. For these Williams was merely to give his receipts. At the end of five years he would tell the people what had been done, and send them pro rata what he had netted, if anything had been netted. Now, what a plan! It was all right for the publishers of Class A, for they would have got theirs. But how about the hundreds of thousands of others? No, we prefer to have a show-down now, and that is what we are after."

"Now that I am on the subject," continued Mr. Hall, "I want to say we have reason to believe that some of those mortgage notes on the University City property were issued before any mortgage was recorded. In many

instances where persons sent in money for these notes, they now have nothing to show. At the time they received interim receipts—Lewis was a great fellow to give interim receipts—and later, when they called for something more tangible and were told to forward the interim receipts, they did so, and never got anything in return."

THE AMERICAN WOMAN'S LEAGUE.

"What about the Woman's League, Lewis' latest scheme?" I asked.

"We are just getting into that," said Mr. Hall. It appears that Lewis started out to get \$50 each from one million women. In return they were to have subscriptions from certain magazines, were to belong to a certain order, and chapter houses were to be erected by Lewis at different points. It was the chapter house idea that caught most of them. There, on a prominent lot in their town or city, would be erected for them a handsome building. Lewis was going Andrew Carnegie one better. The Laird of Skibo only puts up a part of the money, letting the cities do the rest. Lewis was going to do it all. At least that is the way his prospectus reads. But, to date, we have not heard of a single chapter house that has been built; nor even of a corner stone having been laid for one. Today's mail brings a letter from some woman living in Pontiac, Ill., and a second letter from a woman living in Wheeling, W. Va. Both seek information as to when their chapter houses will be commenced."

"Have all of Lewis' publication interests gone to smash?" I asked.

"Practically," replied Mr. Hall. "The last of those, published at University City, the Woman's National Daily, which was recently changed to a weekly, has within the last few days been leased to the Woman's League. I don't quite know what this move means."

"How about the St. Louis Star?"

"That is another complicated matter. Lewis bought the controlling interest in the Star from Nathan and August Frank, paying part cash and for the balance gave his notes, with the stock as collateral. Then he increased the capital stock of the paper and sold a good many small share lots to people as premiums on subscriptions. Here again he made use of the interim receipts; and did not deliver the actual stock. All these transactions have got to be taken into account when figuring that deal. Besides this, Lewis published the Star at a continued loss. We understand that he used money for this enterprise which should have gone into other channels. It is being shown, for instance, that some of the Woman's League money had gone into the Daily."

It is not known just when Lewis will return to St. Louis, but representatives of the attorneys are keeping in close touch with him and are thoroughly posted as to his whereabouts.

SOME SCHEMES.

The present review of newspaper opinion would not be complete without the following article from Collier's Weekly of December 4, 1909. The edge of this article, tempered of the steel which has made Collier's so trenchant a blade in the fight for national righteousness, cleaves almost to the dividing asunder of bone and marrow. This stroke was weighted by some ten thousand dollars' worth of advertising in Collier's previously paid for by the American Woman's League. It fell with exceptional directness upon thousands of subscribers secured to Collier's under the League Plan. Collier's, recognizing the part played by temperament in human affairs and aware that the conservatism proper to that periodical is opposed to Lewis' sanguine optimism, characterizes Lewis as a promoter to an "unsafe degree." It regards his statements and promises as "ex-

travagant." The editor holds, without doubt sincerely, that such promises cannot be expected to be materialized. All these matters must be reserved for further consideration in connection with the American Woman's League. No phrase could be coined which would hit off so aptly this editorial from Collier's as a recent pregnant avowal from its own editorial columns; namely, "Collier's has become notorious for its betrayal of its friends."

The American Woman's League is an organization for soliciting subscriptions to magazines which is being promoted by Mr. E. G. Lewis of St. Louis. In some places the connection of Collier's, "Everybody's" and various other publications with the scheme has been described by the use of the expressions "co-operate," "participate," and "are responsible for." This creates a wholly wrong impression. Collier's and various other publications have permitted Mr. Lewis and the members of his organization to solicit subscriptions for them on a percentage basis. This is exactly the same connection—and no more—that exists between all magazines and many thousands of subscription agents throughout the United States. For the fulfillment of whatever promises or contracts may exist between Mr. Lewis and the members of the American Woman's League Mr. Lewis alone is responsible. It is also true that Collier's has printed Mr. Lewis' advertisements. This entails upon us the usual responsibility for the good faith of our advertisers. Fundamentally, the plan of the American Woman's League is reasonable. An ordinary American town of ten thousand pays to the large periodicals about five thousand dollars a year. The getting of this business costs the publishers, in agents' commissions and otherwise, about thirty per cent, or one thousand, five hundred dollars a year. For the women of the town to form a little organization, attend to renewing the subscriptions, collect the commissions, and use the income to found and maintain a club-house is feasible from a business standpoint and a wholesome thing for any community. But Mr. Lewis, having the promoter's temperament to an unsafe degree, goes beyond this and makes extravagant statements and promises of a correspondence university, an orphan asylum, and various other adjuncts which can not reasonably be expected to materialize. We believe that all the women who enter his organization with any greater expectation than to secure a small club-house for their towns will suffer unhappy disappointment. As to the criminal charges which were brought against Mr. Lewis by the Federal Government some years ago, he was completely exonerated by the dismissal of one suit and the dropping of the others by the Government. It is also true that in connection with various schemes of past years, Mr. Lewis has solicited and received large sums of money from the public; in these schemes, those who sent money to Mr. Lewis have not only failed to receive the profits which Mr. Lewis led them to expect, but have also been unable, in many instances, to get back from him their original investments. Finally, the women who work for and earn a club-house from Mr. Lewis should in every case see to it that the title to the property is taken in the name of the local women who have built it. Any other system is unfair to the women who do the work.

LEWIS, THE MARTYR.

The last of the newspaper articles which it seems necessary to republish, appeared in the New York Financial World of July 15, 1911, under the caption "Lewis, the Martyr: His Friends Insist He is a Very Much Persecuted Man." The editor of the Financial World finds it extremely puzzling to understand how Lewis' friends can imagine that he is a "much maligned" individual. For staring one in the face is the "mountain of evidence that the Government

has gathered against him," and also the "chronic financial embarrassment" which has beset all his various schemes.

Let it be admitted once again, that the Lewis case *is* puzzling. The magnitude of the mountain of evidence collected by the Government is appalling. But over against this mountain bulks in equal magnitude the accomplished result: the League, the Great Press, the Heights, the City on the Heights, and the things these stand for, all in exquisite beauty and suggestion, as seen in Lewis' allegations and reply. Beyond all these, there looms as background another mountainous pile, white at the peaks, pitch dark below, and green as grass in between, the theories, convictions, imaginings, fancies, accumulated and marshaled in serried ranks, by the industrious gentlemen of the press.

Thus the editorial in the New York Financial World:

E. G. Lewis, the St. Louis financier of meteoric fame, has launched, in his short career, nearly two dozen separate ventures. None of these turned out profitably to the multitude of stockholders, notwithstanding that he raised for them somewhere in the neighborhood of between five and eight million dollars. Yet he still has staunch friends who strongly assert that he is the victim of persecution upon the part of powerful financial interests. They even go further by charging the Postoffice Department with lending aid to his enemies to crush him.

There is no question about the sincerity of Lewis' defenders. But it is puzzling how they can bring themselves to think that Lewis is a much maligned individual, in face of the mountain of evidence the Government has gathered against him, and the chronic financial embarrassment which has beset all his several ventures. Throughout their defense of Lewis, their one cry is that he is honest, and that no evidence has been produced to prove he has lined his own pockets with one dishonest penny.

Herbert Hungerford, a magazine writer, in an article published in defense of Lewis and his American Woman's League, says of him, after appraising in his own fashion the character and work of the man:

"No one can tell me that this man is working for his own selfish ends. If this were true he could have retired as a millionaire long before he ever attempted to establish the League. In fact, I cannot conceive of any intelligent person who could think for a moment, in the light of Lewis' actual achievements, that he has any other motive than the betterment of his fellow men."

Here is a picture of a martyr, who has had almost every evil force working against his altruistic endeavors and is a very much misunderstood man. If this be so, measured by every other commercial sentiment, and this is the only practical way to judge any man who has started out to make other people happy on their own money, Lewis has been a most miserable failure. Every venture he has conceived was a house of cards, a flimsy structure, collapsing when the first adverse wind came in contact with it.

In an address Senator Burton of Ohio made in the Senate in the defense of the Postoffice Department's ruling in the case of Lewis' publication, the Woman's National Weekly, no words were spared in tearing to pieces this reputed martyr's character. His whole record as a promoter was revealed as proof that the Government, instead of persecuting the man, as his friends contend, was using its great power to protect the public from his further operations. Senator Burton gave a list of his promotions. * * *

Scarcely another instance can be cited where any single promoter who had conceived so many schemes for the purpose of enlisting capital, all of which at one time or another stranded on the rock of bankruptcy, still had so many friends to plead his cause against the power whose bounden duty

it is to protect the public against fraud. In that respect Lewis is a phenomenal character. He is possessed of a magnetism which wins friends for him in spite of the disaster he has left in his tracks.

THE MOTIVES OF THE PRESS.

The documents and official records examined by the present writer comprise very many thousands of printed and typewritten pages. Several months of conscientious application would be required upon the part of any journalist who aspired to acquaint himself with all the facts which would entitle him to the expression of a mature and well balanced opinion on this much debated case. Analysis of the foregoing stories or even denial of their patent misstatements would seem, therefore, at this stage to be a gratuitous undertaking.

A general denial cannot indeed be entered. For a considerable proportion of the facts alleged are true. That is, if separated from their context and considered independently, certain of these statements in fact and word are perfectly correct. Specific denials, unsupported by evidence and in heterogeneous order, are unintelligible and unconvincing. Accordingly, these newspaper representations will be allowed to stand without further comment. The reader will thus be in position to form an unbiased judgment concerning the newspaper theory of Lewis' personality, upon comparison of the allegations above set forth with the facts of record which will be stated as the story proceeds in its development.

The fact ought not to be overlooked, however, that newspapers are organs for the expression of the opinions and promotion of the interest of the persons by whom they are controlled. The motives of newspapers, like the motives of men, very often escape the probe of the most searching analysis. Proof of bias or unworthy motive is mostly unattainable. The general character of a publication, its past policies, as shown by its own printed columns, and the known affiliations of its owners and their associates, such are the facts from which probable inferences may be drawn.

The Post-Dispatch of St. Louis is a widely read, influential and responsible daily newspaper with a circulation of about three hundred thousand. It was the publication in its columns of the original "scoop" of May 31, 1905, that first let loose the dogs of rumor against Lewis. Most other publications, thereafter, appear to have regarded Lewis as fair game, upon the principle that when the first voice has been lifted with the alarm "Stop thief!" all men are in duty bound to join the hue and cry. Most newspapers seem to have accepted stories of the Lewis case from press dispatches, or exchanges, and to have republished them without animus, merely as interesting news matter.

The controversy between Lewis and the Postoffice Department involves the last two Republican administrations. Presumption might arise that such stories as the above would be most acceptable to the administration press. Such, however, does not appear to have been the case, except at particular crises. Lewis has always been

nominally a Republican. He has continuously proclaimed his confidence in Theodore Roosevelt and in President Taft. These facts have prevented the case from assuming any kind of political complexion.

On this question of motive, the publications above quoted may be taken as fairly representative. Let us see what they are. The Akron Beacon-Journal speaks for the large class of progressive publications and their readers who are honestly seeking for more information about Lewis enterprises. The Hartford Globe represents the type of publication actuated by the not unkindly interest of a local newspaper in the spectacular career of a financial promoter born in their neighborhood. The Boston Herald might possibly be suspected of generally hostile motives arising from conservatism, from sympathy with the Administration, or from the business interests and affiliations of its proprietors. The article of Miss Grace Phillips in the Houston Chronicle concludes with the following paragraph: "It might be well for those Houston ladies who are so enthusiastic in Mr. Lewis' behalf to acquaint themselves with the facts in the case;" which sage counsel awakens the suspicion of some local differences in mental attitude already taken. It likewise calls to mind the graceful classic rejoinder, "Tu quoque" (Do thou likewise" fair writer!").

The Chicago News, the Minneapolis Times, New York Commercial, and Peoria Herald are types of journals that reprint the news as they receive it, in good faith and make such editorial comment as the news dispatches seem to warrant.

The motives of the Post-Dispatch and the Rural New Yorker have already been intimated. The editorial from Collier's, the Pharisee of American journalism, appears to be in the nature of a self-serving declaration. Like the smile of the cat that swallowed the canary, it suggests mingled emotions of self-satisfaction and apology. As to the St. Louis Censor and the New York Financial World, they may be dismissed as periodicals of a type such that the least said concerning them the better.

Lewis' early business ventures, or try-outs, which embrace a considerable proportion of his alleged schemes and failures, will be disposed of in the next chapter.

CHAPTER III.

THE MAKING OF A GREAT MAIL ORDER MAN.

HOWARD E. NICHOLS—LEWIS IN COLLEGE—THE CORROCO COMPANY OF CONNECTICUT—THE TRUTH ABOUT NO-TO-BAC—LEWIS AS A SALESMAN—THE CORROCO COMPANY OF TENNESSEE—ANTI-SKEET IN ST. LOUIS—THE CORONA COMPANY—THE HUNYADI SALTS COMPANY—THE HYGIENIC REMEDY COMPANY AND OTHERS—LEWIS' EARLY VENTURES—THE PROPRIETARY MEDICINE BUSINESS.

Edward Gardner Lewis makes his first appearance upon the horizon of the postoffice inspectors' official record in the fall of 1895 at Nashville, Tennessee. Carlyle has remarked by what insignificant accidents men live in history. Lewis' entire career has been colored by a chance meeting at that place with an uncultured half-caste drummer for a patent medicine concern, who would else have been utterly unknown to fame. No casual contact could have seemed more insignificant than the meeting in Nashville of these two young men, Lewis and Nichols. Yet the crossing of their paths is the first turning point upon which hinged the action of this American national drama.

HOWARD E. NICHOLS.

The sequel will show that Howard E. Nichols, in time, became Secretary and Treasurer of the Mail Order Publishing Company, established by Lewis as publisher of the Winner, afterwards the Woman's Magazine. As subscription manager, Nichols received the postoffice inspectors on the occasion of their several examinations of the Winner. He boasted of having juggled, on one occasion, the card cabinets containing the subscription lists of the Winner, in such fashion that the inspectors were induced to count portions of the subscription list the second time. This alleged trick resulted in many and serious consequences for Lewis and his associates in after years.

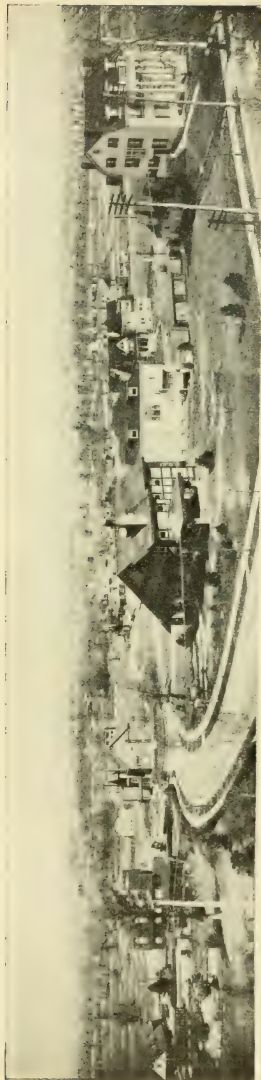
Nichols severed his connection with Lewis under circumstances already mentioned. The two men became totally estranged. Nichols drops from sight for several years. Lewis prospers amazingly. Comes a critical moment. Lewis is under attack by the Postoffice. Nichols, like a concealed viper, suddenly rears his head and strikes the envenomed fangs of scandal and libel deep into Lewis' business reputation. The poison of mistrust, with which the public esteem of Lewis was thus inoculated, pervades the public records. It still circulates in the columns of the press. Probably, it can never be altogether neutralized. Partly, it would appear, in revenge for



1Panorama of Park View development as improved by landscape engineers, in readiness to be placed upon the market. This view was taken in 1907 shortly after the incorporation of University City

2Some view two years later showing extraordinary building activity and appreciation of land values

These two views are in striking confirmation of Lewis' judgment both as to his original purchase of University Heights and also as to the projected University City Improvement Plan



View in University Heights residence district. Observe Leams' residence and grounds on the extreme left. View in Park View residence district. Both are included in University City

Lewis' charges, and partly out of envy and from spite, Nichols has struck at Lewis, time and time again.

His first reprisal took the form of certain conversations with William Marion Reedy, editor of the *Mirror*. The nature of these interviews, one of which we have given from Nichols' own testimony, may be further surmised from the surrounding circumstances. The first overt act was the letter from Nichols to William Loeb, Jr., Secretary to President Roosevelt, which enclosed a clipping from the *Mirror* by Reedy containing an attack, itself doubtless inspired in part by Nichols, against the People's United States Bank. Followed an affidavit, furnished by Nichols to Postoffice Inspector-in-charge Fulton of St. Louis, containing the untruthful biography of Lewis according to Nichols. It was on this Nichols' biography that the postoffice inspectors in large part based their first investigation and report. The *Post-Dispatch* of St. Louis published lengthy verbatim extracts. Then and thereafter the Nichols' conception of Lewis' personality and character, and of the nature of his business transactions, furnished, as we have seen, the standards for the characterization of Lewis for the whole press of the United States.

Nichols again struck by appearing as a witness at the Ashbrook Hearings. During that testimony, he discloses a close personal relationship with one of the attorneys, S. H. King, who appeared in the recent (1911) receivership proceedings against the Lewis enterprises. Nichols thus appears as Lewis' Nemesis, ever applying to Lewis' later expectations and achievements, the standards of those earlier days.

The story of Nichols will be developed more fully in connection with the Mail Order Publishing Company and the People's United States Bank. The object of anticipating it here is to meet fairly the challenge that Lewis is shown to be essentially a faker by his first choice of vocation, and by his early association with a man of the Nichols type. For Nichols' own letter, affidavit and testimony, now matters of public record, reveal a soul so petty, a mind so warped and twisted, that his claim of intimacy with Lewis is by far the most serious of his accusations. "Tray is known by the company he keeps." Lewis has since associated with many distinguished men; yet his connection with Nichols, from their first meeting at Nashville in 1895 to the settlement and severance of their affairs seven years later at St. Louis, has cast a sinister shadow over that period of Lewis' life. The personality of Nichols has unquestionably been among the most blighting influences of Lewis' whole career.

Nichols overreached himself in his last appearance against Lewis before the Ashbrook Congressional Committee at Washington. The Committee yielded somewhat reluctant permission to hear this witness upon what seemed a trivial and collateral issue. But in the end, two entire days were devoted to his testimony and cross-examination. When Nichols left the stand he had been thoroughly taken

apart and the truth elicited from him. Incidentally the members of the Committee and the cross-examining attorneys had with unsparing candor limned his picture upon the sober pages of the official record. The incisive query of one stern analyst after another laid bare Nichols' ignorance, his moral obtuseness, his total lack of antecedents, his petty malice, his envy, his lust for vengeance. When Nichols left the committeeroom, one fancies that all present breathed a sigh of relief. Certainly the whole atmosphere of the Lewis case clears sensibly when the testimony of Nichols is analyzed, and the motives of his accusations are disclosed.

Had Nichols and Lewis been able to foresee at the time of their first meeting in the private office of the Spurlock-Neal Drug Company at Nashville, Tennessee, in the summer of 1895, the nature of their respective testimony before a Congressional investigation in 1911, they would have recognized that moment as a dramatic, even a tragic one. As their hands fell apart after the moment of their introduction, a chain of influence was started which was fraught with untold ruin and disaster. In blissful ignorance of the future, they merely compared notes as to their respective lines of business, and arranged to meet again at Lewis' office in the building of the Board of Trade. Nichols took on, as a side line, the sale of one of Lewis' proprietary articles. The men then parted, to meet again years later under circumstances which will appear hereafter. Let us see how they chanced thus to come in contact. This occasion and what took place afterwards, will be understood more clearly if we fall back to Lewis' first extensive business ventures while still a student at Trinity College, Hartford, Connecticut.

LEWIS IN COLLEGE.

Lewis first entered Trinity in 1886 as a member of the class of 1890, but was obliged to withdraw a month later on account of illness. Returning to college in 1888 with the class of 1892, he shortly became a member of Delta Psi, a well-known college fraternal organization. He took quarters with his fraternity brothers in their local club house. His natural aptitude for affairs led to his election as house steward and business manager. As such he formed the acquaintance of the representative of sundry importers of fine Havana cigars, whose custom it was to supply influential student organizations with samples of their wares as a means of stimulating the demand for new brands which they were placing upon the market. Perceiving a business opportunity, Lewis secured from certain of these concerns, the wholesale agency for the Connecticut Valley and vicinity. His personal popularity enabled him to create a vogue for these goods in the college and university towns so numerous in that locality. Thence the demand spread throughout his territory. He was thus successful in introducing a number of the new brands of cigars, and in developing a considerable business. The manufacturers from time to time made up and submitted to him complete sample cases of new lines of fine cigars. These he would

distribute among influential collegians, who would ask for them at the local shops. Lewis in this way would often have sold the goods before shipments could be delivered.

Tempted by the quality of the fine cigars which he thus had constantly at hand without expense, Lewis smoked inordinately. He tells in this connection the following story:

I was smoking at that time, eight or ten cigars a day. One day an old smoker came in to call on me, and while he was there, I put down a cigar, saying I would have to cut down my smoking a little. He asked me if the habit was getting the better of me. I said it was. He then suggested that if I would chew a little piece of black licorice it would overcome the ill effect of the tobacco. I tried it and thought that the result was good. That suggested to my mind an opportunity to promote my sales still more. It occurred to me that, no doubt, many smokers would use more cigars if they knew of any way to prevent the injurious consequences.

So I commenced to read the matter up. I found that the nicotine in the tobacco is an alkaloid poison. I remember that I came across stories about soldiers in the war who to avoid going into battle would tie a piece of plug tobacco under their armpits. The effect would be to bring on a temporary but very violent sickness. They would be carried back to the field hospital in the rear, but about the time the battle was over they would recover and be all right.

I then had the key to what the licorice did. I knew it must contain some substance which acted as an antidote or palliative to nicotine poisoning. So then I took up the matter with Parke, Davis & Co., the manufacturing chemists, and had them go to the bottom of it. I found through them that the commercial source of licorice is the roots of certain leguminous plants growing in the Mediterranean region of Europe. This plant is called *Glycyrrhiza*, a plant with sweet root, from two Greek words meaning sweet and root. The English word licorice is originally from the same source. The root grows several feet long and an inch or more thick, has a sweet taste and has soothing and laxative properties. The licorice of commerce is either the root of this plant or an extract from it. It is extensively used in the manufacture of tobacco. Its active principle is glycyrrhizin, a peculiar sugary substance.

About that time I got acquainted with a young Spaniard from Central America, who was a chemist. He told me that the natives in Central America chew the roots of certain plants for relief from tobacco poisoning, and that the native doctors make a brew for that purpose from these roots. He investigated the matter and found that this root produced a better extract than licorice as a source of glycyrrhizin. This was a substance well known in trade channels, the extract of which was very much thicker and better suited to my purpose. I therefore adopted this and employed Parke, Davis & Co. to make me up a tablet containing the proper amount of glycyrrhizin. Each tablet contained more of this active principle than a large amount of stick licorice and was therefore much more beneficial to the smoker. I called these tablets *Corroco*, and made up my mind to organize a company and put them on the market. That was the origin of the *Corroco Company of Connecticut*, incorporated about 1888, my first important business venture. I coined the word *Corroco* on the spur of the moment, for no particular reason except that I wanted a word for a trade-mark that had a Spanish sound.

THE CORROCO COMPANY OF CONNECTICUT.

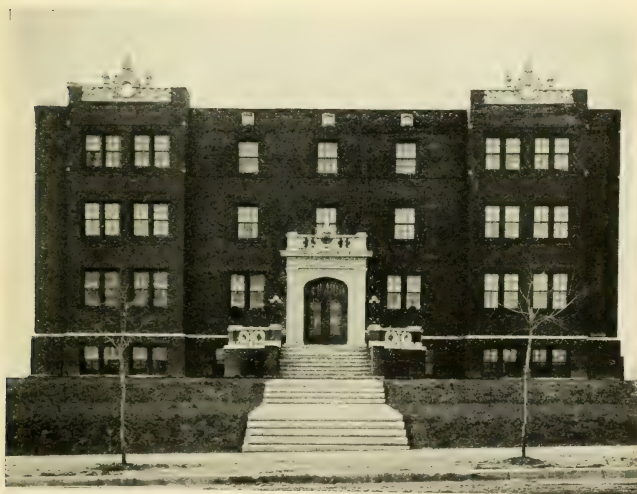
Lewis succeeded in interesting local capital in this project. While still a student, he opened offices in the Goodwin Block, Hartford, and employed quite a large force of girls, wrapping and mailing samples, filling mail orders and issuing circular letters to the trade.

He advertised extensively. Totally inexperienced in this class of business, Lewis, as many another would-be advertiser has done, embarked upon a campaign of national publicity without any proper appreciation of the enormous sums of money that such policy would require. The new preparation was popular. Initial orders were large. The trade, as is usual in such cases, overstocked in anticipation of future demands. This compelled Lewis to manufacture heavily to fill orders. Then came the lull which always occurs with a new preparation, while the demand is slowly absorbing the first stock ordered and before second and subsequent orders can come in. Good strategy now requires that the demand be stimulated by heavy advertising. But Lewis' resources had been exhausted by his first advertising appropriation and by the manufacturing necessary to fill the resulting orders. His backers, realizing for the first time the amount of money that would be required, were unwilling to support the project, which Lewis therefore regretfully abandoned. A gross business of approximately one hundred and fifty thousand dollars was transacted by the first Corroco Company, most of which, according to Lewis, went to swell the profits of advertising agencies and periodicals. The net effect upon Lewis' mind appears to have been the suggestion that the purchase and sale of advertising space was likely to be more profitable to the publishers of periodicals than to the advertiser. And this conclusion, so far as Lewis personally is concerned, his subsequent experience seems to have confirmed.

The object of "Corroco," as advertised by Lewis, was to increase the sale and use of tobacco. He sold chiefly by wholesale to drug stores and tobacconists. He advocated his preparation as a means of increasing tobacconists' sales, and to that end invited their co-operation. His inventive mind suggested a simple form of vending machine upon the principle of the penny-in-the-slot instruments now so universally employed. Lewis, in fact, perfected this device and obtained his first patent at a time when there was but one previous American and two British patents in existence. His plan of campaign contemplated placing one of these vending machines containing packages of "Corroco" tablets upon the dealer's cigar case. He proposed then to supply the trade with literature for distribution, showing that the habit of smoking would be rendered less harmful by "Corroco." Hence men who enjoyed smoking, but feared the injurious effects, need not discontinue but might smoke all they pleased.

THE TRUTH ABOUT NO-TO-BAC.

An amusing incident growing out of this early experience is notable as the point of contact between Lewis and the man who afterwards became his staunchest backer, H. L. Kramer, now famed as the proprietor of "Cascarets." While manufacturing the "Corroco" tablets, Lewis' attention was attracted to the advertisement by Kramer of a similar preparation under the trade title "No-to-bac," but for a totally different purpose; namely, to enable smok-



¹Residence of Jackson Johnson, Alderman of University City

²Lenox Hall, University City. Exclusive boarding school for young ladies. Erected 1910



¹Art Institute of the American Woman's League. Erected 1909

²City Hall of University City. Erected 1910

ers to break off the habit. Kramer's advertising contained a suggestion that, as the preparation was harmless, wives and mothers could administer it secretly in coffee or other liquids, and thus cure the male members of their families of the smoking habit by creating a distaste for the effects of nicotine. This latter style of advertising, it will be remembered, is among the various species of deception of which Lewis has been accused. In fact, he was highly indignant when his product was pirated as he supposed, and a style of advertising made its appearance which was directly hostile to the aims he had in view, and injurious to his business projects.

Lewis' first communication to Kramer took the form of a sharp letter asking why the latter did not think up something original instead of pirating his product and counteracting the effect of his advertising by a competitive publicity campaign. Kramer rejoined that he had been at the point of writing a similar letter. The two men, in other words, both contend that each had an original idea, and that both chanced upon the same product by an odd coincidence. The two future friends wholly lost sight of one another for several years after this exchange of correspondence, except through hearsay and their observation as competitors of one another's publicity campaigns. Kramer afterwards, as an advertiser, formed the acquaintance of Lewis as publisher of the Winner Magazine. The two became fast friends under circumstances which will appear hereafter.

Lewis eventually succeeded in interesting a group of New York business men in the "Corroco" tablets. To them he sold out his interests in the fall of 1892, on consideration of their taking over the unfinished business and assuming the liabilities of the corporation. A new charter was taken out by them as the Corroco Company of New York, but in this Lewis was not personally interested.

Lewis, after winding up the Corroco Company of Connecticut, abandoned for all time, as he supposed, the manufacture of proprietary articles. But the bent of his mind toward commercial life was altogether too strong to warrant his continuing long in college. He therefore left Trinity in 1890. about the close of his sophomore year.

LEWIS AS A SALESMAN.

During his college days, he also acted, for a time, as salesman for diamonds and other precious stones. A taste for crystallography is one of the strongly marked characteristics of Lewis' many-sided personality. One day while still a freshman at Trinity, chancing to pass through Maiden Lane in New York, he happened to see an especially fine display of uncut diamonds in the window of an importing jeweler. He stepped inside to get a closer look at them. As the stones were displayed by the proprietor upon a tray, Lewis amused himself by idly classifying them according to their several degrees of clarity, or as it is technically known, of "water." A natural eye for these fine distinctions of value in precious stones is a rare gift, very essential to the successful dealer. The

jeweler, observing that Lewis had this gift, engaged him in conversation, tested him somewhat further, and in the end employed him as wholesale agent or broker for the Connecticut Valley.

Lewis, therefore, during his brief two years as a college student, maintained regular offices in a downtown office building in Hartford, and there carried on two distinct lines of trade as wholesale broker, in addition to the business of the Corroco Company. He continued these activities after leaving college until the sale of the latter concern. He then entered the employ of his uncle, George C. Edwards, in the fall of 1892, as traveling salesman.

Mr. Edwards was at that time, president of the Bridgeport Chain Company. Their product was based upon a patent swivel, which, when introduced into a chain at intervals, prevented it from kinking and becoming twisted into knots. Lewis' ingenious mind immediately suggested a multitude of new uses for this device. His orders kept the designers and the factory constantly busy producing new styles of chain of every imaginable size and quality, required to adapt the product to a great variety of different uses. Without samples or instructions, he booked orders for chain curtain pulls, cow chains, dog chains; chains, in short, for every sort of purpose for which a chain could be employed. The firm caught the inspiration. Other salesmen were taken on. The business was speedily put upon a paying basis.

Mr. Edwards was a director of the Waterbury Watch Company of Waterbury, Connecticut. As such he chanced to be consulted at this time, touching a new sales problem of that concern. The long-wind two-and-a-half dollar Waterbury watch was the first cheap watch to be successfully placed upon the American market. It's fame had created, on the part of both the trade and the public, the presumption that a Waterbury watch and a cheap watch were synonymous terms. The company was now ambitious to manufacture a line of watches of higher grade. It had invested heavily in this connection and had developed a satisfactory product. Its sales-campaign, however, had proved an utter failure. Neither the public nor the trade could be readily made to believe that a Waterbury watch could be worth anything over two-and-a-half dollars.

After vainly suggesting that the company adopt another trade name than Waterbury for its high class line, Mr. Edwards told the story of Lewis' campaign for the Bridgeport Chain Company, and at his suggestion, Lewis was employed to demonstrate the new line of Waterbury watches to the trade. He was married at this time, and after attending the World's Fair at Chicago with Mrs. Lewis, he continued on a wide swing through the West and South, thus occupying something over a year.

Those who have known Lewis in more recent years can readily understand the sources of his early success in this capacity. Easy of address and winning of personality, he combines the qualities of initiative and fertility of imagination with a degree of energy and

resourcefulness altogether exceptional. His progress through the West and South from city to city was marked by lavish campaigns of newspaper advertising and spectacular window displays of high grade Waterbury watches by foremost local jewelers.

At the conclusion of this campaign, Lewis entered into a contract with the company as Southern sales manager, the exact extent of his territory to be determined by experiment. This connection, which appears to have been creditable to Lewis and acceptable to his employers, was terminated, to the regret of both, at Nashville, Tennessee, in the spring of 1895, by the sudden and serious illness of Mrs. Lewis. Lewis was married in Baltimore in 1891. His wife had accompanied him on his business journeys. This illness demanded his presence at her bedside. Attempts to cover his territory by occasional trips from Nashville as headquarters were frustrated by acute symptoms of danger. The physicians recalled him again and again to the detriment of his business interests.

Compelled in this wise to sever his lucrative connection with the Waterbury Watch Company, a stranger in Nashville, without funds, yet confronted with the extraordinary expenses attendant upon Mrs. Lewis' illness, Lewis was compelled to cast about for another business opening. His attention was attracted quite by accident to the properties of pyrethrum, the chief ingredient of the ordinary "Persian" insect powder, as an insecticide, and especially if burned as a mosquitocide. Lewis' own account of this simple incident is characteristic of the alertness of his mind and the versatility with which he has often adapted himself to the most untoward circumstances. He relates the incident as follows:

"When Mrs. Lewis was sick at Nashville, I had to give up my position with the Waterbury Watch Company because she couldn't move. She was sick for months, and nearly died. With a sick wife and practically without funds, I was thrown on my own resources. During that time I noticed the nurse, an old colored woman, killing mosquitoes in the room with something she was burning on a shelf. I inquired what it was and found that it was a pyrethrum powder."

On looking at it he found that it appeared to contain a resinous substance which gave off thick fumes, and had the property when burnt, of stupefying or killing the mosquitoes. Not content with the mere folklore of a negro mammy, Lewis began to question local chemists and wholesale dealers. He also corresponded on the subject of mosquitoes and mosquitocides with the Department of Agriculture at Washington. His investigations in the end led him to devise a mosquitocide consisting of a particular quality of pyrethrum rich in certain resinous ingredients. The fumes of these resins appeared to be the active principle in destroying insect pests. This particular quality of pyrethrum made up in the form of tablets mixed with other substances to facilitate burning, he placed upon the market as a mosquitocide under the trade title of "Anti-Skeet."

Those who have been annoyed by the pest of mosquitoes will not be surprised to learn that Anti-Skeet under Lewis' spectacular manipulation was an instant success. Thousands of purchasers used it continuously to their entire satisfaction. The sale was literally enormous and was maintained until its quality was impaired in later years by the unwise policy of Lewis' St. Louis associates in the Corona Company. Much the same formula is now publicly recommended as a mosquitocide in bulletins of the Department of Agriculture. These facts would seem to dispose of any question as to the legitimacy of Lewis' enterprise in this direction.

THE CORROCO COMPANY OF TENNESSEE.

Emboldened by the success of Anti-Skeet, Lewis recalled to mind his earlier experiment with the "Corroco" tablets, and organized the Corroco Company of Tennessee—his second incorporation. This concern brought out a number of proprietary articles, including "Anti-Fly," "Bug-Chalk," and others of a similar nature. Lewis' mind was working actively, but had not yet found its proper bent.

The following extract from the report of the postoffice inspectors in re the People's Bank is of interest in this connection:

Howard E. Nichols met him (Lewis) in Nashville, Tennessee, about August, 1895, when he was in debt for his board and was selling Anti-Skeet, a tablet composed of saltpetre and insect powder. Taking an interest in him, Nichols loaned him a hundred and fifty dollars, and promised to exploit his business in Memphis, Tennessee. Lewis had some little success. He organized a company with himself, Gilford Dudley, a note broker, and Otto Stoelker. Stoelker sold his store for quite a sum and put his money into the business. Bad management soon summoned the sheriff to take an interest in the company, who attached everything in sight, among which was a carload of Anti-Skeet. By fraud and deception, Lewis induced the sheriff to loosen up on the carload of Anti-Skeet which Lewis shipped out of the State, and the Corroco Company left Tennessee with several judgments against it, and Stoelker from grief and humiliation committed suicide.

The inspectors acknowledge upon the witness stand that no effort was made to verify the above statements. Lewis testifies that he was keeping house at the time mentioned, hence he could not have been in debt for his board. There is no evidence that the sheriff attached a carload of Anti-Skeet or any other property of the company. Lewis enters his denial. The utter worthlessness of Nichols' testimony may be inferred from the following letter written by Stoelker himself, sixteen years after he was alleged by Nichols to have committed suicide through grief and shame. This letter was dated at Birmingham, Alabama, on December 3, 1911. It is addressed to Lewis and signed by Otto Stoelker. It was submitted in evidence before the Congressional Committee in Washington:

Your favor of the 18th instant was duly received, but owing to the rush of Christmas business, I have been unable to reply sooner. You state that because of my former business connection with you in 1894 or 1895, it was claimed by some postoffice inspectors, during your recent trial, that I had committed suicide. I am astounded that oppression and injustice should be carried so far in a country supposed to be the freest on earth. It seems

high time that our people become aroused in defense of their rights and liberties.

I congratulate you on your vindication, and trust that you will receive reparation for the losses inflicted. If I can be of service in any way in this matter, let me know.

In due course of introducing Anti-Skeet and other products of the Corroco Company, Lewis, in the summer of 1896, made a trip to St. Louis, and there opened up an energetic advertising campaign. Having ascertained by previous correspondence that the pest of mosquitoes was then troublesome, Lewis brought over from Nashville a carload of Anti-Skeet, and contracted for full page advertisements in the St. Louis daily papers.

ANTI-SKEET IN ST. LOUIS.

While not quite a stranger to St. Louis, having formerly visited that city in his capacity as salesman and demonstrator for the Waterbury Watch Company, Lewis' appearance on this occasion may be taken as the beginning of his permanent connection with St. Louis as a citizen and business man. What manner of man was he at this period of his career? What were his first impressions of St. Louis? What were the impressions of the business community with regard to him?

The testimony of Nichols, quoting further from the inspectors' report, is as follows:

Lewis came to St. Louis and induced the Moffett-West Drug Company to exploit the business here under the name of the Corona Company. Results were not forthcoming, and Lewis abandoned the business to the Moffett-West Drug Company, which now owns it.

Lewis' own statement at the Ashbrook Hearing is as follows:

That was about sixteen years ago. I went to St. Louis from Nashville, and the sale of Anti-Skeet in St. Louis was very heavy. It amounted, I believe, to some forty or fifty thousand dollars there in a couple of weeks' time. One of the principal purchasers of it was the Moffett-West Drug Company. I became personally acquainted with Mr. Courtney West of that concern, and also with another partner, Mr. Niedringhaus of the Granite City Iron Ware Company. One afternoon they asked me if I would not join them in a corporation which the Moffett-West Drug Company would back up with ample capital, for the manufacture of a number of different preparations, including this "Anti-Skeet." I decided that I would. The company was incorporated. Mr. West, myself, and Mr. Niedringhaus, I believe, were the stockholders and officers. It was made a part of the Moffett-West Drug Company, a side concern to it, their agreement with me having been that they would back it up to approximately one hundred thousand dollars.

The St. Louis campaign which brought Lewis to the attention of the Moffett-West Drug Company affords an example of his early business methods. The facts show him to have been both enthusiastic and practical, an unusual combination. He first placed orders through a local firm of advertising agents, with the principal St. Louis dailies for full page advertisements of Anti-Skeet, bearing the legend "For Sale at All Druggists." He then called upon the principal wholesale merchants and boldly demanded orders for one hundred gross lots of Anti-Skeet, then a comparatively unknown

preparation, upon the basis of net cash with the order or cash on delivery. The wholesale merchants of the "Fourth City" were in doubt whether to be the more astonished or amused at Lewis' audacity. The Moffett-West Company, however, smilingly gave him a small order upon the usual terms of credit. Lewis offhandedly refused. Mr. Courtney West thereupon declined to have anything further to do with Anti-Skeet or its proprietor. Lewis already knew the effect of his peculiar methods of campaign. He retired to his hotel, knowing that he could afford to wait for his advertisements to come out.

The plague of mosquitoes was very annoying just then in St. Louis, as Lewis had previously found out. The full page advertisements of Anti-Skeet were hailed with delight. Buyers descended upon the local drug stores, like the swarms of invading mosquitoes they wished to fight, ready to exchange their dimes for boxes of the tablets advertised. Moffett-West and other wholesale merchants received rush orders by telephone, by letter, and by special messenger, for Anti-Skeet, Anti-Skeet, nothing but Anti-Skeet. Unwilling to purchase on Lewis' terms, Moffett-West were compelled to refuse all inquiries. Other merchants bethought them of Lewis' visit, humbled their pride, and placed small orders with Lewis for Anti-Skeet for cash.

Next day witnessed a rapidly increasing sale. This was stimulated by additional huge advertisements and the word of mouth endorsement of already satisfied patrons. Demands upon the Moffett-West Company became incessant. Finally, an associate of Mr. West's in that concern, took upon himself the responsibility of disregarding the latter's wishes. He took from the cash drawer daily the large sums required to supply the demand of retail druggists and other merchants for about two weeks when mosquitoes were numerous and sales plentiful.

Lewis stuck to his cash terms, both upon the principle of treating all alike, and to avoid leaving a quantity of his product unsold upon his own hands or those of the dealers. Suddenly a shifting of climatic, or other conditions, put an end to the mosquito pest. Thereupon, the sales of Anti-Skeet were temporarily at an end. The fact, however, that an unknown young man without credit or influential acquaintances could thus, in a single raid, lay open the business fortresses of a considerable city, dictate terms to her principal merchants, and gather up a gross earning of forty or fifty thousand dollars within so brief a period, seems to have commanded respect and admiration.

THE CORONA COMPANY.

Lewis' recollection as to the organization of the Corona Company is at fault. The official announcement of that company to the trade, according to their advertisement in the "Western Druggist," bears the signature of W. B. Woodward of Woodward & Tiernan Printing Company, the leading firm of printers of St. Louis; C. H.

West of the Moffett-West Drug Company and C. P. Van Shaak of Peter Van Shaak & Sons, wholesale drug company of Chicago, as directors and of E. G. Lewis as general manager. Lewis does not appear to have been an incorporator or stockholder of this concern. He seems to have received, as general manager, a proportion of the profits on condition of assigning to the concern the trade-mark and formula of Anti-Skeet and Anti-Fly.

This announcement states that the subscribers have demonstrated their ability successfully to conduct a proprietary medicine business. One of their preparations, Anti-Skeet, has reached the enormous sale of three millions of boxes in one season. The Corona Company has therefore been organized to handle their preparation with improved facilities and to extend their trade connections. Their dealings are alleged to cover seventy per cent of the wholesale and retail drug trade of the United States and to extend in addition to many foreign countries.

In addition to Anti-Skeet, the Corona Company formulated and placed upon the market the preparation known as Dr. Hott's Cold Crackers, "guaranteed to break up a cold in one night." This preparation was said to be based on a physician's prescription, and consisted of three small tablets. Each tablet was said to be a separate prescription, "the best for the purpose that skill and all the facilities, wide knowledge, perfect machinery, and unlimited capital can produce."

In regard to this remedy, Lewis states that the title proved to be the cause of failure. The success of Anti-Skeet, Walk-Easy and Anti-Cavity was largely due to their happy trade-marks. But the title, Dr. Hott's Cold Crackers, suggested to many readers something to eat rather than a medical preparation. The advertising of this medicament, therefore, proved to be unprofitable. It was shortly withdrawn from the market.

Dr. Hott's Cold Crackers, as we have seen, masquerades in the published lists as one of the companies organized by Lewis. In this connection, he makes the following statement:

There is one other concern I have been accused of organizing; that is, Dr. Hott's Cold Crackers. This is merely one of the preparations of the Moffett-West Drug Company. It is a sort of cough mixture made to "crack" or break up a cold. It did not succeed so well as some, as many persons thought it might be something to eat—some sort of an iced or cold cracker. The idea of classifying it as one of the companies I organized is simply ridiculous."

Walk-Easy and Anti-Cavity were preparations gotten up in connection with the proprietary medicine business at the time I intended to become permanently identified with the Moffett-West Drug Company. The rights were not made over to the Corona Company, however, and when they were unable to carry out their agreement I kept those preparations myself. I still own the patent rights and trade-marks.

The similarity of these to a great number of the proprietary articles now on the market is at once apparent. The postoffice inspectors' report asserts that after Lewis' withdrawal from the Corona

Company, and the failure of the Hunyadi Salts Company, Lewis was for a time dependent upon sales of these preparations. The following is their comment:

Early in 1898 Mr. Lewis started the Diamond Candy Company. Lewis and Nichols then started the Walk-Easy foot powder, a preparation for sweaty feet, and Anti-Cavity, a tooth powder. They lived on the proceeds during the summer of 1898, but when cold weather approached, feet did not sweat as much and the business dried up as well. That concern owed nothing, however, as their credit was below toleration.

Lewis is thus depicted in violently contrasting colors. On the one hand are the representations of Nichols adopted by the post-office inspectors without investigation. On the other are his own business records and the statements of his associates, reputable merchants engaged in extensive business dealings with the wholesale trade. The stock of the Corroco Company of Tennessee was held by Lewis and his immediate associates. None was ever placed upon the market or sold to the general public. He abandoned that concern and became associated with the Corona Company of Missouri for the best of business reasons; namely, to secure the financial support and co-operation of the Moffett-West Drug Company, and to become established in a leading centre of the wholesale trade. Lewis was not among the owners or incorporators of the Moffett-West or the Corona companies. Hence these concerns are wholly out of place in any list of his alleged incorporations. No complaints are of record concerning any of these companies from investors, creditors or others. They are simply among the stepping stones whereby Lewis rose to the amazing position which, for a time, he afterwards occupied as one of the most admired and respected business men of the entire Southwest, and one of the best known and most loved men in the whole of America.

THE HUNYADI SALTS COMPANY.

The Moffett-West Drug Company was caught in the panic of 1897 and financially crippled. They were unable to live up to their agreement to finance the Corona Company. Consequently, Lewis was again thrown upon his own resources. His second venture at St. Louis is thus characterized by Nichols, as quoted by the post-office inspectors:

Lewis then started the Hunyadi Salts Company, taking W. B. Woodward and other St. Louis business men into the enterprise. The Hunyadi Water Company got after them in court for infringement of copyright. Lewis determined to fight while the others abandoned him. The result was Lewis lost his case, and owed considerable for printing, advertising, bottles, cartons, and bonds. Some of these debts on account of street car advertising were recently paid, to prevent further advertising in the state courts.

That is what Nichols states. Lewis' own version is as follows:

After leaving the Corona Company, I organized an enterprise for the manufacture of effervescent salts. Among them was one known as Hunyadi Salts, and another known as Hunyadi Bromo. This business developed successfully. We had large sales throughout the United States;

but we got into a law suit with the Hunyadi Water people. This dragged on a year or two and exhausted our resources. We won the suit. But, meantime, I had been obliged to compromise. The Hunyadi Water Company paid the lawyers fees and costs; and I dropped that proposition.

By an oversight on the part of the inspectors, apparently due to the omission of Nichols to furnish the name of Hunyadi Bromo as a separate proprietary article, it has escaped being included in the list of Lewis' alleged schemes compiled by the publishers of the Censor, the Rural New Yorker and others. By parity of reasoning it should be included therein as the Hunyadi Bromo Company; although in fact no such incorporation ever existed.

The Hunyadi Salts Company was the last venture in the field of proprietary articles to which Lewis gave his own time and attention. Many traces of these early experiences, however, are indelibly impressed upon his after life. We may anticipate the future here to give an explanation which will clear away the prejudice attaching to a number of Lewis' alleged proprietary schemes.

THE HYGIENIC REMEDY COMPANY AND OTHERS.

A large amount of mail order advertising is done by individuals who employ trade names as a mere matter of convenience in keying their advertisements. Sometimes a separate trade name is used for every article, or a number of articles may be sold under the same trade title. The word company is used in deference to custom. But there is no sufficient reason why these small ventures should be actually incorporated. In many cases the cost of incorporation would be prohibitive. The only legal responsibility thus incurred is that the owner becomes personally liable for all the debts of the concern. Thus the absence of an actual incorporation is a protection to creditors, rather than the opposite.

The names of a number of these so-called companies appear in the list of Lewis' schemes. These include the following: Hygienic Remedy Company; Edwards Publishing Company; Claire Art Company; Chemical Freezer Company; Walk-Easy Company; Anti-Cavity Company; and many more. Lewis makes the following statement in this regard:

The origin of the Hygienic Remedy Company, Anti-Cavity, Walk-Easy, and similar trade names, which have been quoted among the companies I have organized is as follows. I suppose I must tell the whole story.

Mrs. Lewis has a sister who has lived with us for many years, and has been without means of her own. In order that she might not feel she was living with us as a matter of charity or without return to us, I have helped to find little novelties and preparations of one sort or another for her to sell. Then I would make up advertisements for her under whatever name she adopted for that particular novelty and run them in my paper. I paid for the advertisements myself. She attended to the business that resulted. This would bring her a little income each week, and thus made her independent.

I have preferred to do that rather than give money direct. There is no one concerned with these matters except myself. There is nothing objectionable in any of the schemes. Nobody else was interested. They were not companies. Nobody was invited to take stock. Everyone of those

advertisements was charged to my personal account and settled for at regular intervals. Mrs. Lewis has helped her sister from time to time and shared her profits. This has been a nice little source of modest income. I will frankly say that at times it has been the only source of income we have had. This was the case during the early days of the Winner Magazine. We started the paper with nothing, and built it up without capital and without resources. It took every penny that I could raise and scrape to do it. Mrs. Lewis' sister was then living with us, and instead of giving them spending money or money with which to run the house, I would run these advertisements.

The Edwards Publishing Company was one of these small affairs. I believe they sold little stocking-foot patterns and dress patterns. They would go down town, pick up these things, advertise them under these trade names and sell them. That was not a company. There was no stock issued. They merely got up some novelty, gave it a name, and ran it for a year or so, until they shifted to something else.

The Claire Art Company was also Mrs. Lewis' sister. Her name is Claire. It related to little fancy work novelties; but was not a company and had no stock. That is a regular mail order custom. That is all there was to that.

The Faultless Suspender Company was another of the same sort. So was the Chemical Freezer Company.

The Hygienic Remedy Company was the name finally adopted under which to sell a variety of different preparations. Among these were Walk-Easy and Anti-Cavity. They also had a line of several other proprietary articles including a tooth paste, a complexion powder, and several good pharmaceutical preparations. That was their standard company. That consisted of Mrs. Lewis and her sister. That is not a corporation. No stock was ever issued or placed upon the market.

Numerous testimonials from the patrons of these different articles are preserved by the owners. Their operations do not seem to be subject to serious criticism.

Two other concerns are also mentioned by the inspectors and the press in this connection; namely, the Pacific Trading Company and the Ozark Herb Company. Both were organized by a St. Louis chemist and mail order man named Duby.

Lewis makes the following explanatory statement as to the former concern, which plays a somewhat important part in the story of the "Siege:"

Duby was a chemist who had developed quite a nice little mail order business. He was a particular friend of Frank J. Cabot, publisher of the Woman's Farm Journal. After I bought the Journal and Cabot had become associated with me, Duby felt the need of additional capital. He induced both Cabot and myself to join him in the Pacific Trading Company. We had practically nothing to do with it except to furnish the capital. With us it was simply a venture whereby we might make a few hundred dollars each. Duby organized the company and ran the business. I afterwards gave Nichols my interest in the Pacific Trading Company to get him off my hands.

The articles of incorporation of this concern are dated September 10, 1901. The incorporators and first directors are Messrs. Cabot, Nichols and E. P. Stark, who subscribed for twenty, twenty and ten shares of stock, respectively. The capital was mentioned as five thousand dollars. It was divided into fifty shares of the par value of one hundred dollars each. The objects and purposes were stated

as the purchase, sale and manufacture of all kinds of chemicals and pharmaceutical compounds and preparations, and the acquisition of needful formulas, copyrights, and letters patent. Lewis does not appear as an incorporator or otherwise as directly connected with this concern. Any interest he may have had was by way of loan or merely as an outside investor. Our chief interest in this company is due to the fact that it figured in the settlement whereby Lewis, to quote his own phrase, asserts that he "gave Nichols the Pacific Trading Company to get him off his hands." Exact details of this transaction do not appear to be on record.

The Ozark Herb Company was also originated by Duby. Lewis stated that when this company was incorporated he either loaned it a thousand dollars or took a thousand dollars of its stock. The loan was afterwards repaid or the stock repurchased by Duby, who was the originator. Lewis' interest was only an accommodation.

The A. W. Cooley Chemical Company, the Cathartic Medicine Company, and the Sarsaparilla Blood Medicine Company, are pure fictions, at any rate as far as any connection of Lewis with them is concerned.

LEWIS' EARLY VENTURES.

The accompanying table* will assist the reader to grasp all of Lewis' early ventures in their proper relations as a single fact. His activities as a cigar broker are seen to have given rise to the Corroco Company of Connecticut, in some sense the parent of the Corroco Company of Tennessee. His experience as agent for precious stones led to his connection with the Bridgeport Chain Company as salesman. This in turn procured his appointment as demonstrator for the Waterbury Watch Company. Thus, in due time he arrived at Nashville. There, the illness of Mrs. Lewis was instrumental in his discovery of Anti-Skeet. This preparation brought him to the attention of the Moffett-West Drug Company, and led to the organization of the Corona Company. The partial failure of that concern again threw him upon his own resources, and led to the organization of the Hunyadi Salts Company and the temporary sale of Walk-Easy and Anti-Cavity. Such, in brief, is a summary of the early experi-

*LEWIS' FIRST BUSINESS CONNECTIONS

MANAGER Δ CLUB, TRINITY COLLEGE (1890-92)	WHOLESALE DIAMOND BROKER (1890-92)
WHOLESALE CIGAR BROKER (1890-92)	¹ BRIDGEPORT CHAIN CO. (Salesman 1892-93)
² CORROCO CO. OF CONNECTICUT (President 1890-92)	³ WATERBURY WATCH CO. (Demonstrator 1893-94)
⁴ CORROCO TABLETS	(Southern Sales Manager 1894-95)
² CORROCO COMPANY OF TENNESSEE (President 1895-96)	
⁴ ANTI-SKEET	⁴ ANTI-FLY
⁴ BUG CHALK	⁴ PERUVIAN CHILL BELT
¹ CORONA COMPANY OF MISSOURI (General Manager 1896-97)	⁴ LAXATIVE PRUNES
⁴ WALK EASY	⁴ DR. HOTT'S COLD CRACKERS
² HUNYADI SALTS COMPANY (President 1897)	³ DIAMOND CANDY COMPANY Lewis and Leonard (Partner 1898)
⁴ HUNYADI SALTS	⁴ HUNYADI BROMO

¹Lewis an Employee Only. ²Incorporated. ³Not Incorporated. ⁴Proprietary Articles (not Companies.)

ences which lie at the background of Lewis' astonishing career. The Corroco Company of Connecticut, the Corroco Company of Tennessee, and the Hunyadi Salts Company were the only three concerns in which Lewis definitely figured as incorporator. No stock of either was placed upon the market. None was sold to the general public. Nor is there any evidence whatever that anybody was defrauded.

The Moffett-West Drug Company was a large and wealthy corporation as to which Lewis had no responsibility. The Corona Company was subsidiary to that concern. Lewis was merely employed as general manager. The incorporators were men of wealth and standing in the community of St. Louis. One of them was president of a company, then and still the largest and most reputable printing house of St. Louis. Another was a partner in the celebrated granite ware manufactories at Granite City, Illinois. A third was president of a wholesale drug business, a very respectable concern of the city of Chicago. The fact that such men as these adopted Lewis' preparation known as Anti-Skeet and their announcements concerning it, would certainly seem to indicate that in their opinion, at least, it was in no wise fraudulent.

Two of the incorporators of the Corona Company, Messrs. West and Woodward, joined Lewis in the Hunyadi Salts Company venture, a fact which would seem to indicate that the company was a reputable concern. Its failure was due solely to the pressure of wealthy competitors, proprietors of the famous Hunyadi Waters. The management does not appear to have been derelict in any way. No presumption arises in relation to any of these concerns that would not attach to the proprietors of any similar line of business.

Some half dozen of the alleged companies attributed to Lewis are merely the names of the proprietary articles. Others are trade names not incorporated. Still others are incorporations in which Lewis had no part. Many are pure figments of someone's imagination. No fewer than twenty-one of the alleged schemes comprising the list described by Dillon of the Rural New Yorker as being "nearly, if not quite, exhaustive," are thus disposed of, and seen to be what they are.

One hesitates to characterize this enumeration in a supposedly reputable periodical, of various proprietary articles placed upon the market by Moffett-West Drug Company and one of their subsidiary concerns, as so many separate incorporations among the false and fraudulent schemes of E. G. Lewis. Yet this list is padded by such terms as Anti-Skeet Company; Anti-Cavity Company; Bug-Chalk Company; Anti-Fly Company; Walk-Easy Company and others, for the obvious purpose of creating prejudice against Lewis' later enterprises. The absurdity of this is manifest.

Messrs. Parke-Davis & Co. of Detroit, Michigan, and many other reputable merchants, issue to the drug trade catalogues of proprietary articles containing many thousand different formulæ. The publication of the trade titles of these different articles followed by

the word "company" could hardly be taken as evidence that the proprietors of that concern were the authors of an extraordinary number of illegitimate schemes. Inquiry through the commercial agencies or the ordinary channels of the trade, would readily disclose that many of the companies falsely attributed to Lewis had no existence except in the spleen or fancy of the sponsors for these gross misrepresentations.

Dillon opens the paragraph introducing his truly amazing list of some sixty-five separate alleged schemes with the remark: "We would not be justified in attempting a complete list." About fifty titles are alleged, directly or by inference, to be separate incorporations. Official records establish beyond peradventure, however, that the name of E. G. Lewis appears as an incorporator in fewer than twenty separate instances, the circumstances as to all of which will be later related. Ignorance, malice, or criminal carelessness may account for this discrepancy. Its total inconsistency with every sentiment of candor, fairness, or sincerity of purpose is manifest. Such gross and obvious manipulation, such piling up of evident misstatement upon misstatement, operates upon the candid mind like an overdose of poison. The system rejects the entire nauseous mixture, and escapes the dangers attending the more subtle administration of the same poisonous elements in lesser quantities and by slow degrees.

THE PROPRIETARY MEDICINE BUSINESS.

Lewis' activities as a manufacturer and vendor of proprietary articles were confined to a portion of the decade between 1888 and 1898. This was many years before the agitation against the so-called patent medicine business which culminated in the notable expose by Samuel Hopkins Adams in *Collier's Weekly*, called, "The Great American Fraud," and in the editorials against the same evils of Edward W. Bok in the *Ladies' Home Journal*. That agitation has in recent years created much public sentiment against all patent medicines. This entire agitation has borne fruit in the National Pure Food Legislation, and the campaign in that behalf of Dr. Wiley. All this subsequent change of sentiment tends in no small degree, to strengthen the prejudice which, from the statements of Nichols and the inspectors, attaches to Lewis' early and perfectly innocent commercial ventures. A prejudice so founded is wholly irrational. Prior to this recent agitation the most reputable newspapers and periodicals willingly accepted the advertising of the so-called patent medicines and proprietary articles without question. *Collier's Weekly* itself must blush for the former contents of its advertising columns. The revelations and arguments adduced against this class of trade were then unheard of, and unthought of. Many persons then engaged in business of this character, and many periodicals aided and abetted them, who might not have done so, had the conclusions and reflections suggested by present knowledge been at that time forcibly presented to their minds.

There is, however, nothing to indicate that the substances employed in the proprietary articles sold by Lewis would have been objectionable to the most conscientious reformer, or contrary to the regulations of the Pure Food and Drugs Act of 1906. Lewis is not accused of having vended alcoholic preparations, or opium, or morphine derivatives, or any of the subtle poisons against which the reformers so properly and feelingly inveighed. The whole attempt to belittle and discredit Lewis in this fashion, when strictly analyzed, falls of its own weight. "The mountain labors and brings forth a mouse."

The two titles, Anti-Skeet and People's United States Bank, do, nevertheless, form a remarkable antithesis, which is much harped upon in the official literature at the Postoffice Department, and in the newspapers. These terms may fairly be taken to represent the two extreme points of Lewis' career. They represent the beginnings and the end of his imaginative and practical efforts, as Watts' tea kettle and his pumping engine represent two extremes of the inventive engineer.

Postmaster-General Cortelyou, under cross-examination, has testified substantially as follows:

I recall that one report on the People's United States Bank outlined Mr. Lewis' career. Statements were made that he was born in a certain place, was first here and then there, and connected with various lines of business, ending up finally at St. Louis. These were simple facts elicited in course of the investigation. The kinds of business he had previously engaged in and how he had conducted them had a certain bearing. The career of any man has a bearing upon his present operations. It gives some indications of his methods and leads to the discovery of things. Any man's past record might have a bearing on what he is doing today, but not materially. That cuts very little figure.

"Past question," says Gen. Lew Wallace, "all experience is serviceable to us." Lewis' early ventures in the drug trade brought about two results of life-long consequence. The first was that they caused him to become a publisher. As an extensive advertiser of proprietary articles, he had the handling of many large appropriations. He was exposed to the solicitation of advertising agencies, and especially to the visits of advertising men connected with the early type of mail order periodical. From these contacts and his own early experience, came his knowledge of the mail order field. The knowledge thus obtained revived his boyish taste for printers' ink. Later it enabled him to build up, for the Winner and the Woman's Magazine, the third largest mail order advertising patronage in the world.

CHAPTER IV.

THE FOUNDING OF THE WINNER.

LEWIS VS. EX-GOVERNOR HILL; A CONTRAST—NICHOLS' BIOGRAPHY OF LEWIS—A WORD ABOUT PERIODICALS—THE DIAMOND CANDY COMPANY—THE BARRETT WATCH EPISODE—EARLY ADVERTISING POLICIES—THE MAIL ORDER PROTECTIVE ASSOCIATION—COMMERCIAL SUCCESS ASSURED—THE ENDLESS CHAIN—THE MASTHEAD OF THE WINNER—THE TEN-CENT-A-YEAR IDEA—MILE-STONES OF PROGRESS.

The first issue of the Winner Magazine bears date of May, 1899. Six years later Lewis claimed to be a millionaire. The Woman's Magazine, successor to the Winner, was then said by him to be earning over a quarter of a million a year. This Monte Cristo change from poverty to affluence; this spectacular bound from the lowest point of his career to the highest; this sensational and almost unbelievable access to prosperity, has riveted the attention of the newspaper paragraphers of a continent. Lewis himself has said that he had one dollar and twenty-five cents in his pocket when he decided to found the Winner Magazine. When pressed as to the literal accuracy of this statement, he replied facetiously that he could remember about the twenty-five cents, but was not sure about the dollar. Lewis embodies this statement in one of his circular letters in the promotion of the People's Bank. He responded as follows to the sarcastic challenge of Postoffice Inspector-in-Charge Fulton, "Explain the process of organizing the Woman's Magazine on a cash capital of one dollar and twenty-five cents."

The organization of a magazine from a start of one dollar and twenty-five cents into the largest publication of any sort in the world has been similar to the raising of a new born babe into a president of the United States. That process, I believe, has been carried out fifty-two times. I had the idea and secured the credit, backing and result by ceaseless work night and day for years. The banks of St. Louis, Chicago and New York have, during that period, loaned me approximately two million dollars. I do not recall having one of these notes protested. By work and the use of my credit, I have built up this business until it is universally regarded, with the possible exception of those who have been unable to do likewise, as in many respects, a leading publication of the world.

The political opponents of the late John Johnson, Governor of Minnesota, once tried to discredit him by asking the voters if they wanted as governor a man whose mother was a washer-woman, and who, as a young lad, had collected and delivered the wash by which the family was supported. They answered at the polls by giving him an overwhelming majority. It used to be the chief glory of our

democracy that, however lowly a man's origin, he might rise to any height his merit would permit, unhampered and unashamed. The instances of Garfield tramping barefoot behind the tow-path mules, and of Lincoln, the rail splitter, are of absorbing interest to every school boy, because they are supposed to symbolize an inalienable right of every free-born American.

Lewis, the Yankee manufacturer of proprietary articles, the patent medicine man, the vendor of nostrums, might well have been added to the ranks of these immortals as an ensampler of the moralist's favorite virtues of energy, enthusiasm, courage and economy, except for the misfortune of having been born too late.

LEWIS VS. GOVERNOR HILL; A CONTRAST.

A striking contrast is afforded by comparison of Lewis' experience with the postoffice officary to that of his business rival, ex-Governor Hill of Maine. The latter preceded Lewis by several years as a publisher of mail order periodicals. His publications were among the most conspicuous violators of all the postal laws and regulations, the exclusive application of which laws to Lewis plucked from him both the profits and honors of his labor. Hill was ahead of Lewis by so many years as to become a member of the Republican autocracy which for some years past has administered the law in the interest of its own aggrandizement. "As goes the state of Maine, so goes the Union." Hill as a prominent and influential politician in this pivot state, appears to have been immune from governmental interference. He has since become the chairman of the National Republican Committee. As such he enjoys the approval of the men who rule over the destinies of the American people. Lewis entered into the same arena only to find that the American ideal of equal opportunity had become a thing of other days.

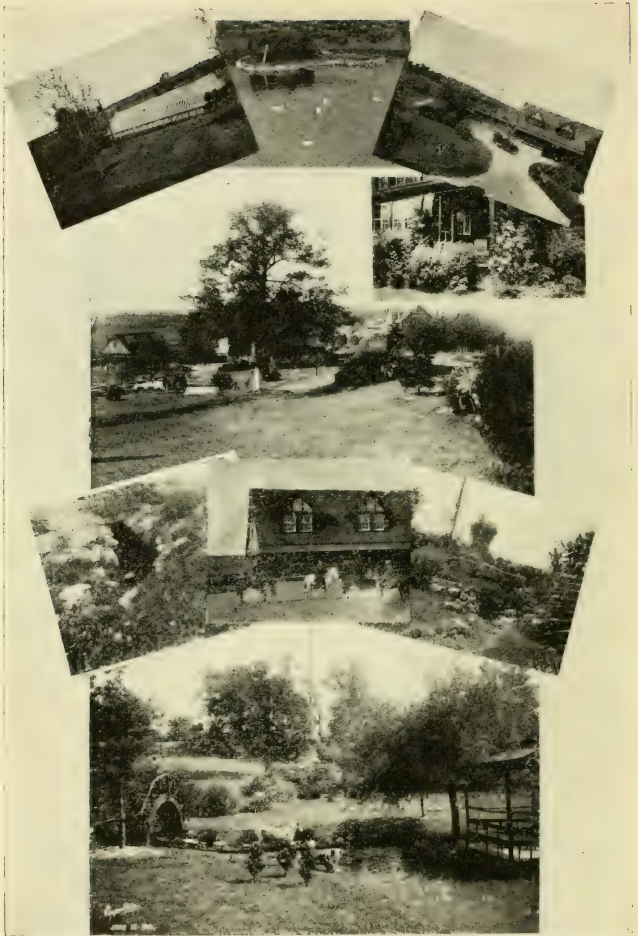
Lewis built the Winner upon the model afforded by Hill's and similar publications. He at first adopted the same methods. He indulged in similar practices. But he afterwards did more than they. He became a reformer. He modified, refined and improved upon the practices of Hill and other rivals, until his publications were perhaps the least objectionable of any. Certainly they were superior to those of Vickery and Hill, which were exempt from the criticism of the latters' political associates.

Suddenly the agents of Government discovered, or thought they did, that Lewis' previous business ventures had been unsuccessful. He had been in debt for his board, it was alleged. Lincoln was in debt for his board on one occasion; but, happily for him, that was before it was deemed proper for postoffice inspectors to conduct exhaustive investigations into men's personal affairs. He had persuaded others to join him in a manufacturing company, which had turned out badly. He had sold nostrums. A former associate, it was alleged (falsely), had committed suicide upon his account. Everything he touched had failed.

He was, therefore, entitled to no credit for the great new enter-



Homes of E. G. Lewis and his brother, John W. Lewis, respectively



Views of the grounds and out-buildings of the Lewis residence at University City: the conservatory, duck pond, garage, spring, rustic bridge and summer house. The small views are snap-shots taken by Lewis

prise which had sprung up magically beneath his hand. His previous ventures having proved, in the inspector's opinion, unworthy, the new ones also were assumed to be a mushroom growth. His whole history must therefore be placarded to the world. His worst enemy must be selected to narrate the story of his past. This without verification must be accepted as the standard by which to measure his veracity and the probity of his intentions. The whole must then be given to the press in order that the hands of his oppressors might be upheld and all his efforts at rehabilitation be discredited. Such are some of the reflections that suggest themselves when the facts about the Mail Order Publishing Company and the Winner are placed in contrast with the tissue of fabrications given by Nichols to the postoffice inspectors, by them to the press, and by the press to the world.

NICHOLS' BIOGRAPHY OF LEWIS.

The following paragraphs from the inspectors' secret report on the People's Bank, if put in their true light as being colored by Nichols' hostility to Lewis and warped by his tortuous personality, would be wholly insignificant. They gain force and sinister significance only as embodied in an official act which set in motion the powers entrusted to the Government by the people, not for the protection, but for the destruction of a wholesome industry. The inspectors say:

Early in 1898, Mr. Lewis started the Diamond Candy Company in partnership with H. M. Leonard. Orders began to come in, and Lewis sent for Nichols to come and take care of the business while he went on the road. Nichols took charge, but money failed to come; and after he tired of paying bills out of his own pocket, Scudder-Gale & Company brought suit for unpaid bills, placed Leonard in bankruptcy, and put the Diamond Candy Company out of business.

In October, 1898, they started the Progressive Watch Company, a plan to sell watches by the endless chain system, through the medium of a book, for one dollar each. The sales were not plentiful enough, and the plan was changed to the use of cards instead of a book, the cards being ten cents each. That business prospered, but the Postoffice Department stopped the business as "a fraud" about April 1, 1899. They changed the system to what was called a simple instead of a compound system, with a subscription card for a magazine, thinking they would get some mail order house to take over the list of subscribers. The papers and magazines shrunk from the plan, so, in self-defense, they started the "Winner Magazine." The Progressive Watch Company, which was then called the Mail Order Publishing Company, was merged into the Winner Magazine, and soon thereafter they started the National Installment Company, designed to sell cheap jewelry on the installment plan at fabulous prices, expecting to get cost out of first payment and all after that to be profit. The scheme did not pay, and Lewis and Nichols had some disagreement over the scheme, and they dropped the plan and used the letters received as evidence of the benefits of advertising in the Winner Magazine.

In connection with the Winner Magazine, they then organized the "U. S. Mail Order Protective Association," designed to collect bad debts, which the trust scheme advertisers passed upon as no good. The business was confined mostly to children who had sent for cheap jewelry, perfume tablets, package blueing, sachet powders, etc., and many were frightened into paying. The money collected passed to the credit of the trust

scheme man, and he was paid by certain advertising space in the Winner, and Lewis and Nichols held the money. The lists furnished were used for sample copies of the Winner. The business soon ceased.

The above are in substance the charges made by the inspectors upon which Lewis is denied due credit for one of the most marvelous achievements in the entire record of the publishing industry. Upon such a basis rests in large part the widespread prejudice against this portion of Lewis' career.

A WORD ABOUT PERIODICALS.

The candid reader must disabuse his mind wholly of the atmosphere of hostility and interpret for himself the facts which here confront him. This publishing of a mail order journal is the basic fact of Lewis' career. For Lewis is primarily a publisher. The Winner, afterwards the Woman's Magazine, was his first and his representative publication. Any periodical by its very nature reveals the character of those who fashion it. A publisher impresses his personality indelibly upon his wares. His ideals and his state of culture are alike patent in his columns. He must needs share his inmost confidence with his readers. All this Lewis has done to a marked degree in the early volumes of the Winner and the Woman's Magazine. By them he stands or falls. The testimony of Nichols, or of the inspectors, as to what he may have done, or could have done, or failed to do, is totally irrelevant and immaterial. Men do not gather thorns from figs, nor grapes from thistles. Let us look at Lewis' own output, and judge him by the standards which he himself has set.

A periodical is a stool which must have three sound legs of policy. The stool itself may be said to be the physical thing published; that is, the white paper impressed with printer's ink. The three legs are the editorial, advertising and circulation policies of the owner. All these are equally essential. The default of either withdraws a necessary support and topples the whole structure to the ground. The founder of a periodical must, therefore, have at least the primary instincts of an editor, an advertising solicitor, and a circulation builder. The great publishers are individuals who combine all these. And Lewis is one of the great publishers of the world. The origins of the policies of the Winner and the Woman's Magazine on these three lines may be traced to as many portions of Lewis' career.

A tradition of the publishing business runs to the effect that the men of mark have owned printing presses and brought out some sort of a juvenile publication in their 'teens. Lewis is no exception. The rectory at Meadville, Pa., when the Rev. William H. Lewis, his father, was rector in that city, was located upon Diamond Square, hence Diamond News was the name of Lewis' first baby. This is the way in which he tells the story:

My first attempt in the publishing line was in the rectory at Meadville, Pennsylvania. Two issues came out. Then it went into honorable liquidation. I sold a billy-goat to pay back the subscribers.

The itch to be a publisher, once it gets into a man's blood, dies hard. Nobody who knows anything about the publishing business will doubt that Lewis always had the making of some sort of periodical as his aim. Representatives of advertising agencies and of countless publications found him a congenial spirit. He drank up their stories about their own publications, and their views about the trade, with a willing and greedy ear. His experience as an advertiser, his talks with advertising men, and his observations of the campaigns of his competitors, undoubtedly contributed to shape the policy in that regard which later became a distinctive feature of the magazine as yet unborn.

But a periodical must have circulation. "A legitimate list of subscribers" is a requirement of the law. How, without capital, to obtain subscribers in advance of publication was the problem which lay across Lewis' path and barred his way at the very threshold of his ambition.

The solution of this problem came by one of those sudden intuitions which are characteristic of the insight men call genius. It was a chance remark of an old smoker that suggested the Corroco tablets. An old negro mammy killing mosquitoes suggested Anti-Skeet. The mention of a news item in a casual conversation on a doorstep was the immediate occasion of the founding of the Winner and the Woman's Magazine.

THE DIAMOND CANDY COMPANY.

The story of the Diamond Candy Company intervenes at this point, because it was this that led indirectly to the Winner. Lewis and Nichols can best tell in their own words this story:

My next door neighbor, says Lewis, a Mr. Leonard, came to me in 1898, and told me he had a sort of molasses candy which he was convinced would have a very large sale under a plan by which he proposed to put it up. He undertook to furnish the capital. I was to look after the sales, and he was to do the manufacturing. I agreed, and we started the business as partners. I sold so much of that candy and a number of others, that Mr. Leonard could not fill the orders. He did not even have the money with which to buy molasses. That was the time of the Omaha Exposition. I secured the concession for the entire Exposition; but when I got back instead of the orders having been filled, they were stacked up there untouched. The company could not fill them. The matter was in a state of chaos, so I dissolved the company. I paid the debts myself out of my salary and earnings during the following two years. I went to the different concerns to which the company was indebted and told them the circumstances. I voluntarily assumed the entire indebtedness, and ultimately paid it all.

The Diamond Candy Company was not incorporated, but was a partnership, therefore no stock was sold. And as Lewis paid the current bills, nobody was defrauded. He still preserves vouchers for the total amount of some three hundred dollars for various forms of merchandise paid for by him in this behalf. The following is from Nichols' testimony at the Ashbrook Hearings:

When Mr. Lewis had this candy company, he invited me to go to St. Louis. I found when I arrived that he had quite a candy business there with lots of orders on hand. He had an order supposed to cover all the molasses candy and angel cake concessions at the Omaha Exposition. Mr. Leonard had then spent about all the money he had or could spare. I believe the first bill I paid out of my own pocket was for clean towels. It struck me as so funny that they did not have a dollar and a quarter to pay a small bill of that kind, that I have remembered it all this time. At any rate, the candy business did not hold good.

About this time, Lewis, Leonard, and myself were sitting on Lewis' front steps one night talking about a man in Chicago selling automobiles on the endless chain system. We finally adopted that endless chain plan for a watch scheme. We made up ten coupons into a book, and sold the book for one dollar. You would buy the book for one dollar, sell these ten coupons to ten of your friends at ten cents each and thus get back your dollar. Each of these persons would then bring their coupons to us, and get in exchange a numbered book from which they could sell the coupons to ten of their friends; and thus they, too, would get their dollar back. Meantime, after all the first ten coupons came back to us, we then had one hundred coupons out. And then you got a watch.

THE BARRETT WATCH EPISODE.

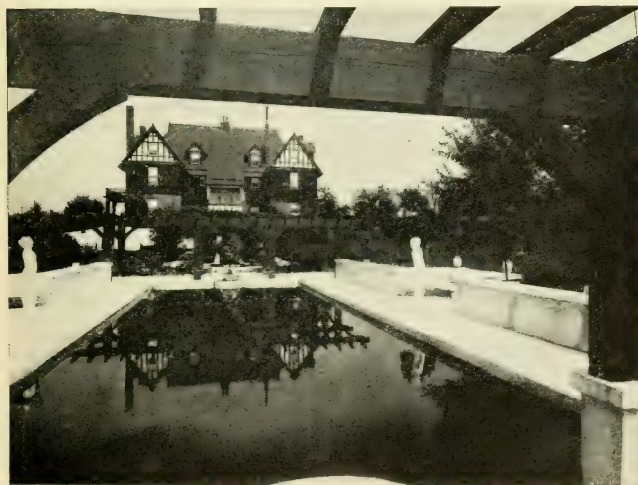
In furtherance of this plan, the articles of incorporation of the Progressive Watch Company were filed under the laws of Missouri in January, 1899. The incorporators were Lewis, Nichols and Mrs. Lewis, who subscribed respectively for twenty, twenty and ten shares of its capital stock of five thousand dollars. This was divided into fifty shares of the par value of one hundred dollars each. The three original certificates of stock, dated January 29, 1899, still remain in the stock book, never having been detached. No other certificates ever were issued. No stock was sold; and, of course, no one could have been defrauded.

The following is Lewis' statement on this head before the Ashbrook Committee:

My attention was attracted in 1898 to what is known as the endless chain plan. I commenced to evolve that plan in my mind as a means of getting advance subscriptions for my new magazine, which was not then started. I had not at that time even settled on its name. Each person who got a certain number of subscriptions under this endless chain system was to receive a bicycle, or for other numbers, a watch, or other premium. The cost of the premiums at wholesale was from twelve to eighteen dollars.

It had been my ambition to be a publisher practically all my life. Ever since my first attempt at Meadville I had been trying to make enough money to go into the publishing business. I had the idea of bringing about the publication on an enormous scale of a very low priced magazine. This was before the time of cheap magazines. I believe it was before Munsey's ten-cent magazine broke the ice. The thought I had was that if publishers were spending ninety per cent of the subscription price in obtaining the subscriptions—which I knew from investigation to be the fact—then the low price of the magazine would take the place of premiums, and it would sweep the country. I thought this was the way to go about it instead of spending about ninety per cent to sell the magazine.

After my experience with the Diamond Candy Company, I began to cast about in my mind for means to start such a magazine. I had come to the conclusion that I might as well start at St. Louis as anywhere. Just then I hit upon this endless chain idea. The rumor is that I started with



¹University City street scene in winter. The Lewis residence is at the left
²Rear view of the Lewis residence. Observe the swimming pool and pergola



*Types of homes erected in University City by officers and directors of the Lewis Publishing Company
Residences of ¹City Clerk Francis V. Putnam, ²Alderman James F. Coyle, and ³Frank J. Cabot*

one dollar and twenty-five cents. I am certain of the twenty-five cents but not the dollar.

I drew up the plan in detail and submitted it to the Assistant Attorney-General for the Postoffice, General Tyner. I had never seen him. I did not even know who he was. I simply inquired if the plan was legitimate, and whether it conflicted with any rules and regulations. I received a reply from his assistant, Harrison J. Barrett, saying that it was entirely proper, and authorizing its use. I then started the plan, which proved extremely successful. It brought us an enormous subscription list in advance of publication. Then I received a letter from the assistant attorney-general's office stating they had decided that the compound system of the endless chain was a lottery, but that the single series was not. The sending out of cards which were to be themselves returned was held to be allowable because the sender would know to whom they had been mailed. He would thus have them in his control. But the compounding of that series by cards sent out by subscribers to their friends was held to be a lottery, because it would be beyond the control of the originator of the chain. The assistant attorney-general, however, in view of the fact that he had previously authorized us to use the plan, and had then ruled on it as legitimate, agreed to give us a reasonable time to wind the business up. I immediately notified him that we would do so, and thanked him for the courtesy.

When the Progressive Watch Company was wound up there was left over one of the premium watches that cost about twelve dollars. I did it up in a package and sent it to Mr. Barrett, with whom I was not acquainted at the time. I asked him to accept the last watch of the series. I thought he was entitled to it for his courtesy. I told him that if he would examine it he would see that it was only a twelve dollar watch, wholesale. He refused the watch. I then wrote him again saying that I had caused his initials to be engraved on it, and that I did not offer it for its monetary value. If he was satisfied of that by examining it, I said I would be very glad to have him keep it, or if not, then he could send it back. Some months later, when I was in Washington, I called at his office. He laughingly pointed out the watch to me on the mantelpiece still in the original mailing box as I had sent it. He considered it as quite a joke.

I had also regarded it as a joke, until some time later Fourth Assistant Postmaster-General now Senator Bristow made an investigation of the Postoffice Department. Mr. Barrett, and Judge Tyner, I believe, were brought into the controversy. Mr. Bristow in his report called attention to the receipt by Mr. Barrett of this watch from me. Later, this extract from Mr. Bristow's report was printed in a separate leaflet by the Postoffice Department, and widely circulated throughout the United States. It was cited, I suppose, as an attempted bribery upon my part, but I intended this watch just as a souvenir. Here was a high official of a great Government. The presentation to him of a watch costing twelve dollars as a consideration of value would be to my mind a ridiculous proposition. But I was young and green, then. I did not know that such things would be twisted, misconstrued, and misrepresented as they often are.

Afterwards Mr. Barrett went into a law office in Baltimore. He became a member of a law firm there. I engaged his firm as counsel for the Coin Controller Company of America. I had a contract with the Maryland Telephone Company, and employed Barrett to handle the local details. I felt that perhaps the twelve dollar watch I sent him might have had something to do with the loss of his position. I had some compunction about that. But, Mr. Barrett to-day, so far as my knowledge is concerned, is an honorable, upright man. He has certainly been so in all of his relations with me.

Nichols has attempted in the following testimony to place another light upon this incident:

I know about the gift of a gold watch to Mr. Barrett, as Mr. Lewis and I were partners at the time. The watch was purchased personally by Mr. Lewis from the L. Bauman Jewelry Company. It was worth more than twelve dollars. The watches we sent to the mail order subscribers cost anywhere from ten to fifteen dollars. They were not so good as that we sent to Mr. Barrett. I remember this because the clerk who waited on Mr. Lewis telephoned me that he was buying a nice watch, and wanted me to come down. I said I was too busy. I imagine that Lewis paid about thirty-five dollars, wholesale. The watch was given to Barrett with the opinion of both myself and Lewis that we wanted him to feel under some small obligation. I know that was so, as far as Lewis is concerned, because he so stated to me. In talking the matter over he said: "If we can make him feel all right, Nick, we can get closer to him."

The reader thus has before him both versions of this incident. The motives of Nichols having been indicated, he must draw his own conclusions.

The following is an additional statement made by Nichols in this connection:

There was nothing really illegitimate about the Progressive Watch Company. When we started, we submitted the question to Judge Tyner, and he wrote a letter back, which letter I have and can show. It may do Lewis some good. Afterwards, the postoffice authorities objected to the system, and I was in continuous fear of the inspectors. I remember that the postoffice people once sent us a notice of the new rulings. I went over personally and asked them what it meant. They said they could not tell me more than was contained in the notification, but the officer in the postoffice bureau said: "If you have any doubts about it, just let the thing alone." I replied that we had inquired, and that we had been told it was all right. We decided to go ahead. There was nothing illegitimate in the plan, except that probably the method of selling might be objectionable to the Department. It was just like forming an insurance company. We depended upon the lapses for what we made. But I do not think anybody, even I, ever accused Mr. Lewis of using it as a scheme to defraud. We conducted the business so as to strictly comply with the postal regulations. But we were inspected three or four times and that made me think we might get into trouble. It was as if a man has been stopped three or four times on a street corner by a policeman and told that he looked suspicious. That is why I thought we might have trouble, not because we were conscious of any fraud.

Hindsight is better than foresight. Had Lewis been able to read the future he would doubtless have refrained from presenting a gold watch to Harrison J. Barrett. Nor would he have taken advantage of the courtesy of that official to continue to obtain subscribers by the endless chain. But Lewis was engrossed from October, 1898, to April, 1899, in the task of building up the circulation of the publication he proposed to launch, and in other preparations. He gave little or no heed to personages and events which afterwards conspired to seize him with a viselike grip and fasten him upon the public pillory.

It may be doubted whether Lewis even knew until long afterward that Joseph L. Bristow of Kansas had been appointed by President McKinley, on April 1, 1897, as Fourth Assistant Postmaster-General of the United States, in charge of postoffice inspectors' service; nor that Bristow proceeded to manipulate that

service with a view to building up for himself in Kansas a political machine. The fact that Bristow procured the appointment of Robert M. Fulton in June, 1897, as clerk in the postoffice at Cripple Creek, Colo., with a view to the evasion of the civil service regulations and to his subsequent appointment as a postoffice inspector, was, of course, totally unknown to Lewis. Nor did he have any means of suspecting the consequences which that appointment would entail. Even the appointment of Edwin C. Madden, as Third Assistant Postmaster-General, in July, 1899, three months after the birth of the Winner, was a circumstance to which Lewis probably gave no heed. Assistant Attorney Tyner and his assistant, Barrett, entered into his thoughts only in so far as their official rulings affected the conduct of his affairs. These men entered and assumed their places upon the stage of national affairs at a time when Lewis little dreamed that he would ever touch their lives or occupy, by any chance, the centre of the stage of public interest. Before we take up, therefore, the report of Bristow, or the story of his political manoeuvres and aspirations, or attempt to discuss the reforms of General Madden, we must place ourselves in Lewis' position, and view with his own eyes, as nearly as we can, the origin and development of the Winner, the magazine that he eventually founded.

EARLY ADVERTISING POLICIES.

Lewis still preserves a handsomely bound morocco volume, embossed in gold, "The Winner, E. G. Lewis, Editor, Volume I, 1899." His pride in the first output of his editorial skill is perhaps pardonable. But, certainly, it is a far cry from the first issues of the Winner of 1899 to the Woman's Magazine of six years later, not to mention the gap which separates it from great monthly magazines for women at the present day.

The Winner is a typical mail order journal of the old school, now happily extinct forever. Lewis, being without capital or previous experience, naturally and necessarily fashioned it largely after the existing models. The editorial contents consist chiefly of fiction and miscellany, bearing the evident earmarks of the traditional pastepot and shears. The selection of material was not, however, without traces of the editorial insight into the tastes and interests of a rural feminine constituency, for which Lewis, as an editor, has since become so notably distinguished. Mechanically, the first issues of the Winner consisted of sixteen pages, well printed upon a superior quality of book paper, which bears little evidence of yellowing after the lapse of thirteen years. The illustrations on the whole are good and well printed. The advertisements are of the usual mail order variety. But even from the early issues they bear impress of the policy by which the Winner, afterwards the Woman's Magazine, became, in a few brief years, the third largest and most profitable advertising medium in America. The advertising of the Winner was for the most part clean, in sharp distinction to the columns of its immediate competitors. For these were

then and for many years after polluted with a class of advertisements such as would not now be tolerated. Lewis has always prided himself upon his advertising policy. The first issue of the Winner contained this first tentative groping toward the absolute guarantee which he was afterwards among the first to publish:

Our advertising columns will be kept free from objectionable advertisements. Any of our readers who think they have reason to complain of their treatment from answering advertisements should communicate with us. * * * * Our advertisers, if defrauded by anyone answering their advertisements, will also please communicate with the Winner.

Lewis further explains his intentions as to advertising as follows, in the second issue:

We will not follow the usual methods, but have plans of our own. We believe an advertiser is entitled to know just what he buys. We, therefore, tell him exactly how many papers we mail each month to paid subscribers. If he wishes, we will send him a postoffice receipt. We have only one rate, and while it increases each month with the circulation, yet it is a flat rate and is the same to all. We will not vary from it, since we are independent of our advertising and not dependent on it.

Partly from the policy thus announced at the outset, and partly, no doubt, from Lewis' wide personal acquaintance and strong friendships with the representatives of advertising agencies and his knowledge and personal experience in the mail order field, the Winner at once secured a liberal advertising patronage.

Not all of the advertising carried in its early issues would now be regarded as unobjectionable. But still much of it was of high character. None fell below a standard of ordinary decency, which was rare among the mail order periodicals of that day. The Winner, in brief, as to its advertising policy, like all other publications, crept before it could walk erect. Yet, from the beginning, the aspirations of the publisher were indicated clearly.

THE MAIL ORDER PROTECTIVE ASSOCIATION.

The Mail Order Protective Association, criticised by the inspectors, was a device successfully employed by Lewis to promote his advertising patronage. It was explained as follows by him at the Ashbrook Hearings:

Early in the publication of the Winner Magazine, it contained a great amount of what was called trust advertising, because many advertisements were headed "We Trust You." An enormous amount of such advertising was then published, saying that the advertiser would send merchandise on trust, depending upon the honesty of those who ordered it. The consignee then sold the merchandise, remitted the money and received a premium, somewhat as the Larkin Soap business is now run. These concerns sold perfumes and a great variety of novelties. There soon grew up throughout the country a large body of systematic robbers. They would answer every one of these advertisements in all the magazines, and that was the last that would be heard of them. They simply kept the merchandise. Some of the advertisers asked me if I could not devise a plan for stopping them.

I devised this plan. I suggested that all the mail order advertisers send me the names and addresses they had of all the dead-beats and robbers of that sort. I then made up an alphabetical list by states. By that we could

see if the same person was doing business systematically with all the different concerns that were complaining. We thought that if we could present the facts to the gentleman, he would probably desist. The advertisers sent me thousands of names. I checked them up and found that this was a systematic business. There were probably two or three thousand men and women throughout the country engaged in it.

We called ourselves the Mail Order Protective Association. The names of all the advertisers were printed plainly at the top of the letterhead. The process was this: When we got the analysis of a person's operation, we would enclose it in a letter as follows: "We find that on such a date you ordered goods from such and such concerns." We then gave him a list of his transactions, with the total amount, say sixty dollars. As a general rule the sixty dollars came back. That was the end of that man's dealings. That broke it up.

This was simply an adjunct of our advertising department. It was not a corporation. No one had stock in it, nor was anyone defrauded. It was run on the order of a merchants' credit system. We were not doing business for ourselves, but simply to protect our advertisers. Our arrangement with the advertiser was that in return for collecting these accounts they would spend at least one-half the money with us in additional advertising. After it had compassed its object it was dropped.

The fourth issue of the Winner, that of September, 1899 (the August number having been omitted and the subscriptions extended in order to advance the date of mailing), contains the first appearance of the advertisement of the Swanson Rheumatic Cure Company, afterwards a steady patron. H. A. Swanson, the proprietor of this remedy, will appear hereafter as a staunch supporter of Lewis, an investor in certain of his enterprises, and an incorporator of the People's United States Bank. The January, 1900, issue was signalized by the first of the series of half page advertisements of Cascarets. These ran continuously thereafter for many months, and contributed not a little to its prosperity. Kramer, as one of the leading patrons of the great advertising agency of Lord & Thomas of Chicago, was a personage of no small influence with that concern. Through him Lewis appears to have formed the personal friendship of A. L. Thomas, the president of that agency, and of his associates. The Winner was shortly in receipt of all the advertising it could carry. Early in the second year of its existence the great mail order concern of Sears, Roebuck & Company tried out the Winner, with the result that a contract was closed beginning with the September, 1900, issue, whereby they carried for many months the equivalent of full page advertisements. From that time on the commercial success of the Mail Order Publishing Company was assured.

These early contracts between Lewis and leading mail order advertisers are of two-fold interest. They not only indicate the sources of the wide and intimate knowledge of the whole mail order field which Lewis afterwards displayed. They also introduce some of the men who became Lewis' financial backers, and whose wealth and influence assisted him in launching, one after another, his ambitious projects, and sustained them when attacked. Out of the bizarre and dubious advertising columns of the early issues of the

Winner thus shines clearly, in the light of Lewis' subsequent achievements, the rare capacity of gripping strong men to him in the bonds of those intimate and cordial friendships which last through life, and sustain with fortitude all the shocks that chance or fate can bring.

Kramer appears to have been attracted to Lewis by the success of his endless chain system, which the latter generously placed at his disposal. The immediate effect of this combination was to bring about the personal relation between Lewis and Kramer, from which their strong and lasting friendship sprang. A joint premium arrangement was made. This afterwards, however, became the occasion of perhaps the earliest controversy between the Postoffice Department and Lewis. It was the subject of an adverse ruling, and had to be abandoned.

The mail order industry was then growing fast. Lewis was in daily contact with its most active spirits. As he developed under this stimulus his ambitions grew apace. The natural bent of his mind revealed itself in the constant raising of his business standards. His new-found friends watched the rapid development of the Winner with keen and sympathetic interest. The following is Lewis' statement to the Congressional Committee in this regard:

Many of the best business men became intensely interested in the Winner. This was particularly the case with Major Kramer, who figures largely in the later enterprises. He lives at Kramer, Indiana. He built the town of Mudlavia, where you take mud baths at the Indiana mineral springs.

I am now speaking of the year 1902 and forward into 1903 and 1904. Major Kramer was the owner of the Sterling Remedy Company, proprietors of Cascarets, a wealthy man. His company was running some of the most abominable advertising that had appeared at that time in the press. At least, the illustrations were, from my point of view, of that character. During 1902, he came to St. Louis. Although I had carried his advertising since 1900, I had only seen him once before. I was hard pressed at that time on the magazine. I was having difficulty in getting the necessary funds to meet its enormous growth. I could not put up the advertising rate fast enough to keep pace with the circulation. Some months would intervene before I could get the benefit of the higher rate. Major Kramer, at that time, threw down on my table about a dozen large quarter-page advertisements of the kind he was then running in the newspapers. They contained illustrations of a recumbent female figure in light attire. Kramer asked me what they would cost in the Woman's Magazine at the current rate, which was then four dollars a line. I figured up that they would amount to several thousand dollars. He wrote out his check for the proper sum, and handed it to me. I gave it back. I told him that I could not insert that advertising in the magazine at any price.

That was something new for Major Kramer. I do not suppose any other publication in the country had refused his advertising, unless, perhaps, the Ladies' Home Journal. He then became very much interested in what I was doing, and offered to pay all my bills of every sort, give me the assets and accounts receivable, and pay me twenty-five thousand dollars a year if I would leave St. Louis, and run his Cascarets business. I told him no. I had decided to be a publisher, and was going to stay.

It was a little time after that meeting with Major Kramer that I found my banking credit at the National Bank of Commerce seemed to be almost unlimited. When I went down to renew my paper and ask for an

increase, it was given so quickly that I could not quite place the reason. I did not find out the reason until some years afterwards, that Major Kramer had gone to that bank and guaranteed my line of discount. The effect had been to increase it to a very high amount. Several other men of means in the city and elsewhere also gave me a helping hand as I went along.

After that, Major Kramer used to endorse my paper in blank. I would send him up ten, twenty, or thirty blank notes, and he would endorse them in blank. He never had one of them come back to him. I do not recall that he ever received even one dollar's profit in money from my enterprises. He has fought this fight all through with me. I think he has spent without exaggeration, at least one hundred and fifty thousand dollars of his own money in these battles without taking any obligation from me of any sort. I will say that the friendship between us has become one of the fine things of life. He is perhaps the dearest friend I have. There never has been any money consideration between him and myself. If I were to telegraph him today, I believe he would go down and pawn his watch, if he had nothing else, and send me the money. He would send it first, and then perhaps would come down and see what I was doing with it.

Shortly after the incident of the refusal of Kramer's advertisements, above narrated, Lewis adopted the policy, in which he was the pioneer among mail order journals, of publishing an absolute guarantee of the patrons of his advertisers against loss. To maintain this standard, he was compelled to exclude a large amount of proffered advertising from his columns. He therefore published a circular, which is among the landmarks of his career, defining the various classes of objectionable advertisements which he refused to publish. The courageous attitude thus taken went far to account for the prosperity of the Winner, and laid the basis for the supremacy of the Woman's Magazine.

THE ENDLESS CHAIN.

The characteristic impress of Lewis' personality during this period is, however, marked chiefly upon his circulation efforts. The second issue of the Winner, June, 1899, contained a three-page illustrated write-up, entitled, "The Great Subscription Card System of the Winner." This feature not only contains the complete description of the endless chain. It rings throughout with the true note of mutual confidence between publisher and reader, which can be sounded successfully only by one who has the instincts and aptitude of a great publisher. This friendly attitude became in after years the dominant note of Lewis' editorial columns.

Let us see what the endless chain system, as practiced by Lewis in building up the circulation of the Winner, really was. The following explanation, quoted from the second issue of the Winner, is placed in the mouth of Secretary Nichols, but the article bears internal evidence of having flowed from Lewis' facile pen. This is taken from a supposed interview with a visiting subscriber:

Our plan is this: You had a card given to you by a friend. You sent that card to us with ten cents for three months' subscription to the Winner and received ten cards like the one you sent. These ten cards you gave to ten friends. They in their turn sent them to us with ten cents each, and received ten more cards themselves. When your cards have all reached

this office, with ten cents each for three months' subscription to the Winner, you may have as your reward your choice of the premiums in our catalogue, given for the return of ten subscription cards.

But, sir, suppose that I cannot get all of my friends to get their cards out. Do I lose all I have done?

No, indeed. You may have duplicate cards to give to others who will send them out; or, if you become dissatisfied at any time while you have your cards, you can get back the ten cents which you sent to us. You need only drop us a postal giving us your series card number, and tell us that you wish your money back. Besides this, you will remember that your ten friends each get three months' subscriptions to one of the most interesting magazines ever published.

Few would suspect offhand that any intent to defraud lay at the root of this fair-seeming proposition. One invested a dime. For this he received a three months' trial subscription to a monthly magazine. Had the transaction closed with that, no question could have arisen. But one also invited ten friends to do the like, upon the expectation that for this slight service he might be rewarded, eventually, with a cash bonus of eight dollars, or choice of certain premiums of equal value, wholesale. Obviously, if every originator of an endless chain received a premium, the time must come when the publisher would be unable to cash up. No publisher could afford to pay, for every subscription, a cash bonus of eight dollars; or to purchase premiums of the average value of that sum. The possibility of the endless chain as a commercial venture lays in the element of lapses which is implied. Not only must the originator of the chain deliver ten subscription cards to as many other persons, but each of the ten must in turn deliver to others an equal number. Thus a total of one hundred and ten cards must be put in circulation. All of these must be returned before the originator of the chain can, upon the strict terms of such an offer, be rewarded. The same principle, in effect, lies at the root of many enterprises. Upon this principle Henry Bowman gave the life insurance business in America its first great impetus, and reared the gigantic structure of the New York Life Insurance Company. The same principle obtains in various forms of fraternal insurance and benefit associations. The same principle lay at the root of the numerous bond investment companies that flourished contemporaneously with the Winner Magazine. The same principle has built up the International Correspondence School of Scranton, Pa., and other great modern educational institutions of like character.

All these enterprises have the following features in common: A proposition is made, which, upon its face, is obviously "too good to be true." The slightest reflection will, and does, show everyone that if the conditions should be complied with by every participant the funds must be speedily exhausted, and disappointment must ensue. The conditions, therefore, are manifestly such that everyone cannot, and will not, comply. Each person who attempts to do so expects to be the fortunate participant; and here, as elsewhere, the few succeed, the many fail.



The founder of the Woman's Magazine, of the Peoples' United States Bank, of the American Woman's League and the promoter of many corporations, at the age of two years. The source of all the manifold activities herein set forth



Edward Garner Lewis (shown below at the right), his brothers John (by his side) and Robert (in the rear). The Lewis family at this time, 1883, were residing on Diamond Square at Meadville, Pennsylvania, where Lewis, at the age of twelve, published the two first (and last) issues of his first periodical, the "Diamond News"

There has been a remarkable quickening of the public conscience as to all enterprises involving these common features, and depending for their prosperity upon this principle of lapses. Looking back, after the close analysis to which these projects have been subjected in recent years, the elements of chance, which, in the opinion of the legal authorities of the Postal Department, brought the endless chain within the limits of the national lottery law, are clear enough. But fairness demands that we should not make our judgment retroactive. Experience in the actual operation of all these different schemes has been required to show precisely where to draw the line between the elements of chance and those of lawful enterprise.

When Lewis first adopted the endless chain as a circulation method in 1899, neither he, nor, be it particularly noticed, any one else, had sufficient experience with its actual conduct to know just how it would work out. There was then no basis for the conclusion that it would be harmful to the participants; or wrongful upon either moral or legal grounds. The whole plan was submitted frankly in advance to the postal authorities, and was approved by them. These facts exonerate Lewis from the slightest consciousness of doing wrong.

The actual conduct of the endless chain by the Mail Order Publishing Company was liberal. The originator of an unsuccessful chain had the privilege, as we have seen, of sending out additional cards under the same serial number, to any amount that he or she might wish. The effect of persistence in distributing additional cards would be in time to overcome the presumption of chance. So that, by industry, a subscriber could free the scheme wholly from the taint of lottery. Lewis found by actual experience that the chances upon the compound series amounted to a practical certainty that the full one hundred per cent of cards in circulation on any given chain would never come to hand. He then adopted, in practice, the policy of awarding premiums upon the receipt of approximately sixty per cent of any compound series. By this wise liberality he distributed large numbers of watches, bicycles and other premiums to the originators of the various chains. The effect was the redoubling of their energies in his behalf. The actual receipt of these premiums in various communities stimulated new subscriptions, and the inception of new chains. The whole network collectively produced for the Winner an enormous circulation, and, moreover, a class of subscribers which watched for the monthly issues, and scanned their columns with a degree of intimate interest altogether exceptional.

THE MASTHEAD OF THE WINNER.

The publishers' announcements to the public, printed in the column under the masthead of a publication, afford to persons familiar with the publishing business an almost infallible index to its business status and its general course of development. This column

tells to those who by experience are able to interpret it much the same story that a fever chart tells to a physician. Every paragraph is symptomatic of some condition of vital import to the business health of the publication as a piece of property. Every change indicates clearly a shift of policy for which there is an underlying business need.

Lewis' first announcement in his second issue describes the Winner as a monthly magazine, published by the Mail Order Publishing Company at the Ozark Building, Tenth and Pine streets, St. Louis, Mo. The terms are announced as fifty cents per year in advance, single copies five cents. E. G. Lewis is editor and business manager, H. E. Nichols secretary and treasurer, Mabel G. Lewis vice-president and associate editor.

The problem of small remittances, which afterwards in large part gave rise in Lewis' mind to the conception of a postal bank, was evidently forced on his attention at the very outset of his publishing experience. Under the caption, "General Instruction," readers are told that remittances may be made by express money order, postoffice order, or draft on New York, payable to the order of the Mail Order Publishing Company, or by registered letter. Either of the above forms are said to insure absolute safety from loss by mail. But since all these forms involved an expense to the remitter in the form of fees, the publishers agree to accept postage stamps, preferably of one or two cent denominations, for the fractional portions of a dollar.

No further change occurred until the December issue of 1899. This bears, for the first time, the legend, "Entered at the Postoffice at St. Louis as Second Class Matter, October, 1899." The significance of this will appear in full hereafter. The reader need only bear in mind that the Winner was properly entered. The publishers' column of this issue says:

The growth of the Winner has been so rapid that it is now one of the largest magazines in the world. This issue goes into the homes of nearly a half million paid subscribers. It uses two carloads of fine book paper. It takes thirty-two clerks five weeks simply to write the names and addresses on the wrappers. Three of the largest presses run fifteen days and nights to print it. New presses are now in process of erection.

The publishers' announcements under the masthead of the July, 1900, issue contain a number of additional paragraphs, indicating clearly that the necessity of securing the renewals of the subscribers first obtained by means of the endless chain was pressing. The following paragraphs are significant:

THE GREY WRAPPER: If your Winner comes to you in a grey wrapper, you will know that it is a notification to you that the time for which your paper has been paid has expired. We ask that you remit at earliest convenience for the coming year, if you desire to obtain the cash in advance rate of fifty cents.

DISCONTINUANCES: Subscribers wishing the Winner stopped at the expiration of their subscription must notify us to that effect. Otherwise, we shall consider it their wish to have it continued. All arrears must

be paid. Sending paper back, notifying postmaster, or club agent, is not notice to us. We make this very plain, so as to have no misunderstandings.

The subscription price of the Winner is payable in advance; this is never pressed, however, with our preferred list of true and honorable old subscribers. Responsible subscribers will continue to receive this journal until the publishers are notified by letter to discontinue, when all arrears must be paid. We like to regard all old subscribers as friends, and we do.

Obviously, subscribers secured upon the endless chain plan are now being carried beyond the paid-in-advance subscription period, in expectation of renewal. This is a fact the interest of which will appear in full hereafter, in reference to postoffice investigations. It is well to bear it in mind from this point on.

THE TEN-CENT-A-YEAR IDEA.

The second anniversary of the founding of the Winner is signalized as the pivotal issue as to its circulation policy. Upon this the door turned which opened the way to a new era of prosperity. Across the top of the cover page of the issue of May, 1901, occurs for the first time this sentence: "We will send the Winner to any address for one year for ten cents."

The policy of keeping up the original subscription rate of fifty cents a year had been maintained only at the cost of an enormous drain upon Lewis' personal energies, as well as upon the earnings of the publication. Practically the entire subscription revenue had been consumed in the cost of premiums, contests and various circulation efforts. The publishers had been, in effect, obliged to carry on a merchandise business in premiums, in addition to their legitimate work of publication. Their columns had been necessarily taken up by their own subscription efforts, to the exclusion of editorial articles and profitable advertisements. Lewis' ingenuity had exhausted itself. Yet the million circulation for which he aspired still seemed utterly beyond his reach.

His mind in brooding over this problem naturally harked back to the days of the endless chain, now forbidden by postal regulation. The enormous quantity of dimes received on that plan for three months' subscriptions to the Winner, and the ease with which those subscriptions were secured, came vividly back to his recollection. The large proportion of renewals brought in by a temporary half-price reduction tried out the preceding subscription season, indicated, to Lewis' way of thinking, that this had been a movement in the right direction. The advertising revenue was already sufficient to maintain the publication at a profit, provided the circulation department could support itself. Lewis reasoned that he had been accepting three months' trial subscriptions at ten cents, and afterwards carrying them for the balance of the year. All the while he had been making costly efforts to obtain renewals at fifty cents. It would be far more economical to accept ten cents, he concluded, outright for a full year, and depend for renewals upon the pulling power of this bargain in editorial values. After consider-

ing the matter from every angle, he at last summoned the courage of his convictions, and cut the Gordian knot.

The following is the first announcement of the policy which made the Woman's Magazine rich and famous and was followed by a general price reduction throughout the whole field of periodical publications in America:

Beginning with this number, the subscription price of the Winner has been reduced from fifty cents to ten cents a year. We believe that no such paper has ever before been published at this price. Nor is this all. We shall greatly enlarge and improve the Winner until it becomes the best monthly magazine in America. The subscriptions of all our readers who are paid-up in advance, will be extended. Thus, if you have paid fifty cents for a year's subscription, your paid subscription will be extended four more years.

Instead of giving premiums, which are generally unsatisfactory both to the reader and publisher, we have put the subscription price of the Winner down to the lowest price at which we can publish it. We shall depend on the merits of the paper itself to hold subscribers.

MILESTONES OF PROGRESS.

Lewis' files of the Winner and the Woman's Magazine are broken by the absence of the remaining issues of 1901 and the entire year of 1902, during which the name of the Winner was changed to the Woman's Magazine. A single copy of the January, 1902, issue has been preserved. This shows an increase of size of the Winner to twenty-four pages, and much improvement in editorial contents and mechanical appearance. It contains a feature article on the rural free delivery, with illustrations supplied by the superintendent of that service. The clearing of Forest Park to provide a site for the World's Fair grounds is described and fully illustrated. The magazine also contains an illustrated "double spread," showing an attractive artist's sketch of the proposed entrance to the Exposition. The Winner, in short, takes on the general characteristics in great part afterwards familiar to readers of the Woman's Magazine.

The editorial policy for the year 1902 is announced as follows:

The Winner Magazine, the first magazine to be sold for one cent per copy, has met such wonderful response from the public, that we have set about producing for the year 1902 the best printed, best illustrated, best edited, and most interesting magazine that has ever been sold for less than one dollar per year. Eight more pages will be added. Beginning with the February number, we shall take our readers on a TRIP AROUND THE WORLD. A magnificent series of photographs and articles to accompany them, have been secured from famous travelers.

A series of magnificent full and double page views of the great World's Fair, St. Louis, 1903, illustrating the building of the fair from start to finish, will appear in each issue. These will be printed on finer and heavier paper.

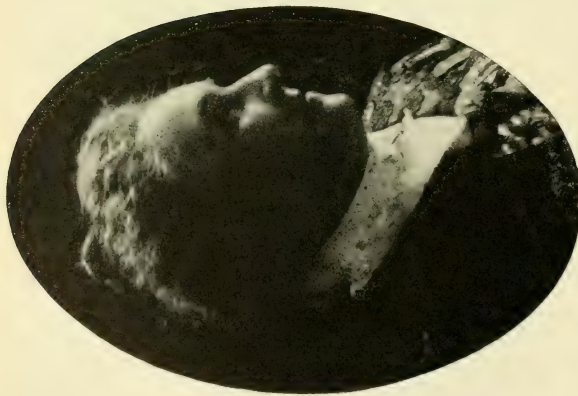
Many of the foremost men in religion, politics, science and travel will contribute to the Winner Magazine. Early among these will be an article written for us by Rt. Rev. Henry C. Potter, D. D., Bishop of New York, and the foremost Protestant Clergyman in America.

Great stories of adventure, love, and romance will appear each month.

Altogether we have set as our mark the foremost home magazine in the world. Today we have in excess of half a million paid-in-advance sub-



Reverend William H. Lewis and family in 1888, when Mr. Lewis was first assistant at St. Bartholomews Church at New York. E. G. Lewis, shown at the extreme left, was at this time twenty years of age. He was a student at Trinity College



¹Catherine C. Lewis ²Rev. William H. Lewis, rector of St. John's Episcopal Church, Bridgeport, Connecticut
The parents of E. G. Lewis. The Rev. Mr. Lewis has refused many calls from prominent metropolitan churches during his twenty-two years of continuous service to this parish.

scribers, and the Winner Magazine is the only magazine in the great Central West. We give no premiums. We send no sample copies, excepting to club raisers and on special request. Any person who cannot find ten cents' worth in twelve issues of this magazine, would better invest his dime in Government bonds, and live on the interest. The cleanest, brightest, best printed, and most interesting family magazine published is offered for ten cents a year. If you have any friends who have not already subscribed, you cannot do them, yourself, and us a greater favor than by securing their subscriptions at once.

A significant change in the subscription policy of the Winner produced by the change in price is noted in the paragraph headed "Discontinuances," run under the masthead in the publishers' column.

Subscribers, wishing the Winner magazine stopped at the expiration of their subscription, need not notify us to that effect. We shall discontinue if they do not renew promptly when notified that the time paid for has expired. No subscriber will receive the Winner Magazine a single issue beyond the time paid for in advance. If you want this paper to continue coming to you, renew promptly when the circled X is stamped on the wrapper.

An important advance in the standards of the Winner's advertising policy is also indicated by the following absolute guarantee:

ADVERTISEMENTS.—The publishers of the Winner Magazine use every reasonable effort to see that only the advertisements of reliable houses appear in its columns. While we cannot undertake to adjust mere differences between advertisers and their customers, yet we will make good the actual loss any subscriber sustains from being swindled by any advertiser in our columns, provided the complaint is made within sixty days of the date of issue in which the advertisement appeared.

Rumors of the proposed reforms of the Department had already become current among publishers in the mail order field and employees in the postal service, but Lewis supposed that his recent changes in policy had improved the character of the Winner to a point which would exempt him from official interference. The reduction in price had excluded all premium and similar subscription schemes known to be objectionable to the Department. The advertising guarantee had necessitated great care in the censoring of the advertisements published. The editorial features, and especially the campaign of publicity in behalf of the World's Fair, the feature articles descriptive of the various branches of the national administration of government, and the educational and other departments, were, for a low-priced publication, of exceptional literary merit.

We must consider briefly the nature of the alleged abuses, the circumstances by which they were brought about, and the occasion and purport of the proposed reforms. A clear view of this topic is essential to a proper understanding of the events which followed. To obtain such a view the reader must keep in mind the chief characteristics of the typical mail order journals. The importance of the above detailed discussion of the little Winner Magazine of St. Louis, will be better understood as we proceed.

CHAPTER V. THE REFORMS OF GENERAL MADDEN.

THE ACT OF 1879—THE FIRST “REFORM”—THE “ABUSES” OF THE
MAIL ORDER JOURNALS—MADDEN’S VIEWS AND POLICIES—
FINDINGS OF THE PENROSE-OVERSTREET COMMISSION—THE
LEWIS’ CASE, TYPICAL.

The Forty-fifth Congress opened in the midst of the world of printers’ ink a veritable Pandora’s box.* This came about by the passage of the Act† of March 3, 1879, creating what is known as the second-class rate of postage. For the provisions of this Act have let loose upon the publishing industry all the furies of interne-cine competition among themselves, and of controversy with the Postoffice Department. These have raged ceaselessly since the beginning of the so-called reforms of General Madden. Every publisher in America has suffered from these evils, but the Siege of University City affords perhaps the most conspicuous illustration. True, there was one good thing at the bottom of the box which, like the spirit of Hope in the fable, has been some consolation in the midst of the injurious influences of this most vicious measure. This was the second-class or pound rate itself. But even the periodical

*Pandora’s Box—A box which Pandora was fabled to have brought from heaven, containing all human ills. She opened it, and all escaped and spread over the earth. At a later period it was believed that the box contained all the blessings of the gods, which would have been preserved for the human race had not Pandora opened it, so that the blessings, with the exception of Hope, escaped.—*Century Dictionary*.

†The following are the provisions of this Act which bear upon the subject of this story:

Section 7: Mailable matter shall be divided into four classes. First, Written Matter; second, Periodical Publications; third, Miscellaneous Printed Matter; fourth, Merchandise.

Section 10: Mailable matter of the second class shall embrace all newspapers and other periodical publications which are issued at stated intervals and as frequently as four times a year and are within the conditions named at Sections 12 and 14 of this act.

Section 12: Matter of the second class may be examined at the office of mailing, and if found to contain matter which is subject to a higher rate of postage, such matter shall be charged with postage at the rate to which the enclosed matter is subject, provided that nothing herein contained shall be so construed as to prohibit the insertion in periodicals of advertisements attached permanently to the same.

Section 14: The conditions upon which a publication shall be admitted to the second class are as follows:

First. It must regularly be issued at stated intervals, as frequently as four times a year, and bear a date of issue, and be numbered consecutively.

Second. It must be issued from a known office of publication.

Third. It must be formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such as distinguish printed books for preservation from periodical publications.

Fourth. It must be originated and published for the dissemination of information of a public character, or devoted to literature, the sciences, arts, or some special industry, and having a legitimate list of subscribers; *Provided*, however, that nothing herein contained shall be so construed as to admit to the second-class rate regular publications designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates.

publishers who advocated the passage of this law have found it to savor of the little book of Revelation, which was sweet upon the tongue, but bitter in the belly. True, it created in favor of the periodical publisher a discrepancy of 400% between the second-class rate of postage (one cent a pound) required of him, and the next higher, third-class rate (four cents a pound), required of his nearest rival. Yet it branded him with the offensive stigma of accepting a Government subsidy. Worse still, it bore the seeds of a postal censorship and espionage fraught with the gravest menace, not only to his property rights as publisher, but even to the freedom of the press itself.

This law still remains upon the statute book. Indeed, it lies at the very foundation of the publishing industry. So deeply are its provisions entwined with all the relations of publishers to one another, to the public, and especially to the Postoffice Department, that it can not be repealed until a new law can be drafted which will adequately protect every existing interest. The difficulties of drafting such a law are many, but the dangers of the present statute are such that there should be ceaseless agitation, until the problem is solved and the publishing industry is removed from the shadow of the deadly Upas-tree of official espionage and censorship. A brief outline of the history of postal legislation is not only needful to any clear view of the real issues of the Siege of University City. It is also required to enable the reader to exert his influence as a citizen in behalf of proper postal legislation. Let us try, then, to get at the outset a good grasp of these very vital matters.

THE FIRST "REFORM."

The necessary and immediate effect of the second-class law was that many publishers sought to secure its advantages by casting their output into the form of periodical publications. Followed an enormous development of periodical literature.

The publisher of books (especially cheap fiction or classics and other standard works, either not copyrighted in America or the copyright on which had expired) took advantage of this law by issuing vast numbers of paper-bound volumes as periodicals under a common title and consecutive serial numbers. This practice continued uninterruptedly over a period of twenty years, namely, until after Madden's appointment as third assistant postmaster-general on July 1, 1899. An enormous bulk of such books, chiefly fiction, was by that time flooding, and in the opinion of the postal authorities, congesting the second-class mails. The publishers and authors of permanently bound books, and especially of copyrighted works of fiction, objected to this as unfair competition. Postmasters-general, in their annual reports, had for many years invited the attention of Congress to this and other alleged abuses with a view to remedial legislation. Congress had uniformly refused to act. Finally, during the administration of McKinley, and under the instructions of Postmaster-General Charles Emory Smith, Madden,

as third assistant, took up the subject. He reported that, in his opinion, this particular class of alleged abuses could be excluded from the second-class mails under existing law. The publishers were then cited to appear at Washington, and their second-class entry was summarily withdrawn.

The proud old Boston house of Houghton, Mifflin & Co., publishers of the *Atlantic Monthly* and of a long line of distinguished American authors, was at that time bringing out the *Riverside Series*, a popular fiction series of high character. The traditions of this concern were (and still are) perhaps the most elevated of any publisher in America. An implied stigma was thus attached to their fair name as having been engaged in an illegal enterprise. With this was coupled the destruction of a profitable, and, as they supposed, legitimate portion of their business. The offices of this concern are in the very shadow of Bunker Hill. They could not submit tamely to such an invasion of their rights. Their combativeness was roused. They determined to contest the issue in the courts. The decisions resulting from this litigation are among the landmarks of postal history. From them the whole course of administrative narrowing of the postal service, by a construction of the law of 1879, in absolute contravention to its spirit and to the intention of its founders, has taken its departure.

The case of Houghton, Mifflin & Co. in the matter of the *Riverside Series* was carried to the United States Supreme Court. There it was lost. The right of the Postoffice Department to exclude such publications at their discretion was declared in effect to be unreviewable by any court. There was, however, a dissenting opinion in this case, from which the following is quoted:

It was admitted at the bar that for more than sixteen years prior to May 5, 1902, the Postoffice Department had acted upon the identical construction of the statute for which the appellants contend. During that period many different postmasters-general asked Congress to amend the statute so as to exclude from the mails as second-class matter, such publications as those issued by the appellant, and which under the present ruling of the Department, are declared not to belong to that class ofailable matter. Again and again Congress refused to amend the statute, although earnestly urged to do it by the Department. Representative Cannon, now Speaker, in a speech in opposition to the proposed change, explained the reasons that induced Congress to pass the Act of March 3, 1879, stating: "The question was discussed, unless my memory greatly misleads, and the legislation was advisedly had." The result is that, after Congress had uniformly refused to comply with the requests of postmasters-general, the Postoffice Department ruled that the appellants' publications could not go through the mails as second-class matter. Thus, by mere order of the Department, that has been accomplished which different postmasters-general have held could not be accomplished otherwise than by a change in the language of the statute itself; which change, as we have said, Congress deliberately refused to make, after hearing all parties concerned, and after extended debate in the House.

The intent of Congress was to give the masses the benefit of the distribution of all forms of literature through the mails at a cheap rate, and thus to promote the widespread dissemination of good

reading matter. The scheme of publishing complete books in the guise of separate issues of a periodical may, or may not, have been explicitly intended to be authorized by Congress. The phrase, "such as distinguish printed books for preservation from periodical publications," in the third clause of Section 14 of the law, would seem to suggest that printed books in paper covers *not* designed for preservation might be issued as periodical publications. But the Postoffice Department held otherwise. Then the Supreme Court held that in the exercise of his discretion the postmaster-general is not subject to review.

That this device operated in harmony with the spirit of the law cannot be doubted. The classics and other standard literature, as well as cheap books of a lower grade of literary merit, published in this manner, were eagerly welcomed by the masses of the people. Enormous editions were purchased and read by persons who could not have afforded to buy them at a higher price. A wider knowledge of good literature has perhaps been disseminated among the masses in America by this means than by any other plan devised before or since.

These serial books having been selected for the first attack as the most conspicuous abuse, and having been successfully "reformed" out of existence, the Department, flushed with triumph and reinforced by favorable court decisions, next turned its attention to the cheap mail order journals. A general investigation was instituted as to the status of publications of this class. Rumor had it that a list of some sixty periodicals had been drawn up by the third assistant, the second-class entry of which would be withdrawn if the Department's policy was sustained in court.

THE "ABUSES" OF THE MAIL ORDER JOURNALS.

The grounds on which the mail order journals were objected to were chiefly two. One was the distribution of too large a proportion of sample copies. The other was the practice of mailing the publication continuously to subscribers for many months and even years after the paid-in-advance subscription period had expired. It is worth while to note these points, for these two problems have been the issues around which the controversies of Lewis and of many another publisher with the Postoffice Department have chiefly raged. The reader should also be familiar with the act of Congress of March 3, 1885.*

The phrase "including sample copies" in this act is without limitation. It was therefore construed by publishers as conveying the right to mail at the second-class rate as many sample copies as they pleased. The costly magazines could not afford to take full advan-

*All publications of the second class, except as provided in Section 25 of said act (of March 3, 1879, ch. 180, 1 Supp., 249), when sent by the publisher thereof, and from the office of publication, including sample copies, or when sent from a news agency to actual subscribers thereto, or to other news agents, shall * * * be entitled to transmission through the mails at one cent a pound or a fraction thereof, such postage to be prepaid as now provided by law.

tage of this privilege. Only the cheap mail order journals could profit by it to the fullest extent. They had already learned that very large editions could be gotten out at a merely nominal cost per copy. They knew also that sample-copy circulation was even more valuable to many mail order advertisers than a distribution to annual paid subscribers. Accordingly, they welcomed this act as the very charter of their liberties. A large class of mail order publications sprang up and flourished amazingly. The circulation was limited only by the number of copies the publisher could afford to manufacture, or by the number of acceptable names and addresses that he could, by hook or crook, secure.

The ambition of such publishers to build up a large mailing list resulted in the purchase of lists of names and addresses from many sources. Many of these, by reason of clerical error, death, removal, change of name by marriage, and other causes, were of the class known in postal parlance as "nixies" (doubtless from the German *nichts*; *nix*, not known); that is, persons concerning whom no information can be obtained at the postoffice addressed. Many samples were sent to a class of persons who did not approve the contents of the editorial columns or advertising pages of certain of these publications. Such persons were affronted, and indignantly refused to accept them. Mail carriers and other employees at the local offices reported to the Department, through the postmasters, that quantities of sample copies and expired subscriptions were thus being refused. Others were being torn from the wrappers and dropped upon the floor of the postoffice, or in the adjacent street. Quantities of such refused copies of mail order periodicals were regularly collected by many postmasters and burned. At the cities which became the chief centres of this industry many tons of separately addressed sample copies of mail order journals were being deposited in the mails. The postal employees not unnaturally complained through the postmaster to the Department of the enormous labor of handling and routing them. Railway mail clerks similarly complained of the labor caused by this enormous tonnage of periodicals marked sample copies.

Many millions of both subscribers' and sample copies of these same journals were being accepted and welcomed by the recipient. They were, indeed, the only periodicals which found their way into the extreme rural districts, with the exception of local weeklies and the cheaper class of agricultural papers. Very few persons residing in large cities are aware of the dearth of reading matter that exists today in such localities. Men likely to be called to the office of postmaster-general are of a class unfamiliar with these conditions and unresponsive to the needs of rural people. It is unlikely that any postmaster-general of the United States ever read through a copy of one of these cheap little papers, or entertained the opinion that any one else (except perhaps a very uncultured person) would, could or should content himself with such a form of literature. The

good influence which was exerted upon the whole by these papers was, therefore, mostly overlooked or disregarded by the Department. The burden of complaint from the postal officary was really caused by the non-delivery of a small fraction of their total output. Yet the culminative effect of many complaints over a series of years resulted in a postoffice tradition that there was little or no real popular demand for the cheap mail order journals. No conclusion could be at greater variance from the facts. Yet this tradition seems to have been the animus of the agitation in the Department which in the end gave rise to the so-called reforms of General Madden.

The custom of continuing to mail copies to subscribers, after the paid-in-advance subscription period had expired, was particularly objected to by postmasters. Many publishers printed notices that subscriptions would not be discontinued until the subscriber gave an order to that effect and paid up his back subscription. Not a few publishers would carry subscribers for years beyond the original paid-in-advance subscription period. They would then attempt, by threats of litigation purporting to come from an attorney or collection agency, to collect arrearages. An impression was adroitly conveyed that the act of accepting a periodical from the postoffice a single month after the paid-in-advance subscription period had expired, involved a legal obligation to pay for the subscription for another year. Many persons, therefore, became suspicious, and refused to take from the postoffice either sample copies or expirations. Indeed, those who did not like a periodical would sometimes refuse to accept it before their subscriptions had expired.

Another complication was caused by so-called gift subscriptions. One occasion of these was the cheap price at which the mail order journals were sold. Another was the publishers' offers to agents and club raisers of premiums and prizes for various contests. Many persons who happened to like a periodical would present subscriptions to their friends. Oftentimes they would fail to notify the recipient of the gift. Then the latter would refuse to accept it from fear lest the act of taking it from the postoffice might involve some obligation. Agents and club raisers anxious to win rewards in various subscription contests would not infrequently send to the publishers, as legitimate subscribers, names of their townspeople without asking consent. The recipient, not knowing why the paper was sent, would oftentimes refuse to take it out of the postoffice. In these various ways the number of undeliverable copies left on the postmaster's hands was constantly augmented.

The Postal Laws and Regulations required the postmaster in such cases to notify the publisher. They provided that undelivered copies should be held to be returned in case the publisher saw fit to forward postage for that purpose. The copies of the cheap mail order journals thus refused had, however, no value to the publisher. They were not worth the postage to bring them back. The postmasters' notices were, most of them, ignored. Some publishers

would even neglect to strike off the names of "nixies," or persons reported as deceased, removed, and the like, from his subscription list. His sole object was to maintain his circulation; this was attained by the mailing of the copies, whether deliverable or not; for the postoffice receipts that a certain number of copies had been deposited in the mails were commonly accepted as proof by advertisers without much inquiry as to the legitimacy of the circulation.

Experience has since shown that many of these conditions could have been corrected by a very simple device, which became a law on May 12, 1910. The Postoffice Department now returns to the publisher undeliverable copies of his periodical, and requires him by means of postage due stamps affixed, to pay a sum equal to the cost of transmitting them at the third-class postal rate. The effect of thus penalizing the publisher is automatically to cause him to clean up his subscription lists, without offensive espionage or other departmental interference. Unfortunately, no such device appears to have suggested itself to the official mind at the period in question. So objectionable had the mail order journals become to the Postoffice Department, and so numerous were the complaints, that at the instance, and with the approval of Postmaster-General Smith, Third Assistant Madden determined to apply the drastic remedy of "reforming" what he deemed the worst offenders among the mail order paper wholly out of existence.

MADDEN'S VIEWS AND POLICY.

The device adopted was a further exercise of the unreviewable discretion of the postmaster-general. A construction was for the first time placed upon the law of 1879, far narrower than the evident intent of Congress. Madden himself says:

I was appointed third assistant postmaster-general on July 1, 1899, by President McKinley. I then had something over seven years' experience in a local postoffice at Detroit, Michigan. Part of my duties as superintendent was to look after and report on the mailings of second-class matter, and to apply the law and regulations locally. I had taken especial interest in the subject and made a study of it. During this time the annual reports of the Department, and especially those of the postmasters-general, were dealing with so-called abuses in the second class. The Department was complaining that publishers were imposing upon the service, and mailing as matter of that class, many publications not deserving that classification and those rates. These annual reports enumerated and explained the abuses, and appealed for legislation to correct them. An annual report of the postmaster-general subsequent to my appointment as third assistant complained that probably fifty per cent of all the matter mailed as second-class was not lawfully entitled to that rate. Immediately after my appointment, I, therefore, took up the study of the subject from a departmental standpoint. I had a number of conferences with Postmaster-General Charles Emory Smith. All attempts to secure legislation had failed. Many members of Congress had privately said they considered the existing law ample to get rid of most of the abuses complained of. I agreed with that.

After mature consideration and mapping out a plan of procedure, I proposed to the postmaster-general that an administrative reform of the abuses be undertaken. This was favored. President McKinley and his Cabinet approved, Thereupon I drew and the postmaster-general signed three

amendments to the Postal Laws and Regulations. They were known as the reform regulations. They amounted to a revised interpretation of the law of second-class mail matter. They were published for the benefit of the postal service and the publishing industry on July 17, 1901. It was provided that they should not take effect until the first of the following October. This was to give publishers due notice of how the law would be administered after that date, and give those who could the opportunity to work out compliance.

The purport of Madden's first regulations was to place a new construction upon the fourth clause of the Act of March 3, 1879, and chiefly upon the affirmative provision requiring "a legitimate list of subscribers" and upon the two negative provisions excluding periodicals "designed primarily for advertising purposes or for free circulation or for circulation at nominal rates."

The questions raised by the language of this statute have nowhere been specifically answered by an Act of Congress. What is a legitimate list of subscribers? Congress has not determined. What is the standard of judgment as to the primary design of a publication? What are the distinguishing marks of a publication "designed primarily for advertising purposes," or of a publication "designed primarily for free circulation, or for circulation at nominal rates"? What is a nominal rate? Are sample copies (specifically included in the publisher's right to mail at the second-class rate by the supplementary act of March 3, 1885) evidence that a publication is designed primarily for free circulation? If so, what proportion of sample copies will create such presumption? The answers to all these questions and many more are left by Congress wholly within the discretion of the postmaster-general. And the Supreme Court of the United States has definitely ruled that if the postmaster-general is acting without fraud in the exercise of a reasonable discretion, his decision will not be subject to review.

The reforms of General Madden and his successors have consisted in building upon this manifestly inadequate basis of law a towering superstructure of administrative construction. Each postmaster-general, by his third assistant, has answered these questions and many others in accordance with his own views, and there has been no man to say him nay.

The process of this reform from the departmental standpoint is further explained by Madden in the following language:

Let it be understood that an administrative reform of this kind has two phases. First, there is the refusal to admit to the second class, publications of the types or characters inhibited by the new regulations. Second, all the publications of those types or characters already in the second class must be excluded. Manifestly, any other course would be outrageous. The Department has no power to charge different rates upon matter of the same character. It would not do to have some portion going at the second-class rate of a cent a pound, and another portion at the third-class rate of eight cents a pound, if the difference in rate depended, not upon a difference in the character of the matter, but merely upon whether the act of classification occurred before or after the date when the new regulation took effect. The mail service must be open to all upon equal terms and conditions. Otherwise the Department would be conferring a monopoly upon

those fortunate enough to come into existence and get into the second class before the new regulation took effect. For the third-class rate would be prohibitive of competition. Just about the beginning of this administrative reform Congress passed the Act of March 3, 1901.* I was myself consulted by the chairman of the Postoffice Committee in the House concerning the language and purposes of this statute before it was enacted. Its language shows its purpose. It was to protect publishers from hasty or ill-considered action by a postmaster or by the Department, and to prevent the striking down of an enterprise without warning.

Under the regulations the local postmaster determines in the first instance what is first-class, what is third-class, and what is fourth-class matter, and charges the rate prescribed by law for those classes. It is different with second-class matter. The third assistant postmaster-general, at the Department at Washington, determines in the first instance what is second-class matter.

The usual custom is this: The local postmaster receives an application for the entry of a publication in the second class. The application, accompanied with a copy of the publication, is sent to the third assistant. In the meantime the applicant is required, if he desires to mail the publication before a decision is rendered, to deposit in trust with the local postmaster, as a protection to the revenue, an amount of money sufficient to cover the third-class rate should the third assistant decide against the publication. The publisher, under the regulations quoted, has the right to appeal from an adverse decision by the third assistant to the postmaster-general.

No blanket order could be issued to postmasters to exclude from the second class, publications, which in their judgment, were prohibited by the new regulations. Each individual case must be tried and decided upon its own merits and by the third assistant postmaster-general.

After some successes in my own work I was importuned by my superiors, by my subordinates, and by many publishers, to hit hard and fast, under the cover of the public approval gained, and beat down what they regarded as abuses. It is surprising how many publishers will regard the publication of a rival an abuse, how superior officers will regard the publication which has criticized them or their work an abuse, and how subordinates will try to curry favor by appealing to the human weakness of the superior whose vanity or egotism has been enlarged by a success. It is not easy, under such circumstances, to preserve an even keel.

I resisted the pushing and the persuasion to move headlong without compass or balance. I sought to keep squarely within the four corners of the statute and to have the morals as well as the law fairly on my side. The Department had been lax in its administration of that law. That was no fault of the publishers. Many things had been classified as of the second class which had no legal right to that classification, but it was not by fraud. It was the Department's own wrong of positive sanction or sufferance. Publishers were bound to assume that the law had been properly administered, and on the faith of it had spent their capital and energies in establishing their enterprises. Even if their publications were in that class by doubtful right, they were not to be regarded as criminals or wrongdoers. Now, after many years, with the law standing as it had stood from the first, with no change in the publications, but only a change of regulation, which might or might not, under judicial review, prove to be "consistent with law," those enterprises could not be ruthlessly struck down by suddenly changing the classification and assessing a prohibitive rate upon their products.

Congress appreciated the difficulty and delicacy of the reform work and

*When any publication has been accorded second-class mail privileges, the same shall not be suspended or annulled until a hearing shall have been granted to the parties interested.

fortified me with a corps of my own inspectors (special agents) and my own special attorney. Now, the third assistant's office, which had administered this law for so many years, proposed to move forward within the lines of law.

THE VIEWS OF PUBLISHERS.

The following remarks of Mr. John J. Hamilton bear directly upon the subject of this story. The case of the publishers against the reform policy of General Madden and his successors has nowhere been more ably presented. Mr. Hamilton said:

The attitude of the Government toward publishers has changed in the past few years. The spirit of suspicion has gone out from some source and permeated the whole postal officary. The attitude of the clerks in the city postoffices all over the country, who are charged with the duty of looking after second-class matter, has become suspicious, and in some cases, even unfriendly; as if every publisher were potentially, at least, a violator of law, lacking only the opportunity. * * * There was neither cowardice nor inefficiency in the postal administration between 1879 and 1890; but a truer insight into the meaning and purpose of the law than has prevailed from 1890 to 1906. All the eloquent denunciations of second-class matter which Mr. Madden has quoted from postmasters-general, beginning with Mr. Wanamaker and running down almost to the present, have been based upon a profound misunderstanding of the original intent of the law. * * * Mr. Madden has demonstrated that the law in its present interpretation is unenforceable. He admits that if he should go ahead on the lines of this policy, in the construction he puts upon it, and make no discriminations, he could throw out of the mails and destroy or heavily damage, from sixty to seventy per cent of all the newspapers and from seventy to eighty per cent of all the periodicals in the country. I agree with him absolutely. But I think this is because he has accepted the incorrect interpretation of the later postmasters-general, instead of the true interpretation put upon the laws by the postmaster-general who was in office when the statute was enacted, and his immediate successors. They personally knew the real intent of Congress in making the laws what they were. * * *

CRITICISM OF THE ACT OF 1879.

Most of the annoyances to which publishers, postal officials, senators, representatives and others have been subjected in recent years, in the form of friction between the Postoffice Department and publishers, have arisen from recent interpretations of the following proviso in the statute:

"Provided, however, that nothing herein contained shall be so construed as to admit to the second-class rate regular publications designed primarily for advertising purposes, or for free circulation or for circulation at nominal rates."

I was glad Mr. Madden attacked this proviso in so vigorous a fashion; for nothing could be truer than his statement about the consequences of a uniform enforcement of its provisions in the new sense in which he now construes it. It can be done only by stationing an officer at the door of every publisher, to execute the decrees of a censor. It would establish a censorship in the most dangerous sense of the term. I am glad Mr. Madden was big and patriotic enough to say that he does not wish such a censorship; that there is no need for it; that it would involve widespread damage to a great interest.

*Address of John J. Hamilton of the Iowa Homestead, speaking as a member of the Postal Committee of the National Agricultural Press League, before the Penrose-Overstreet Congressional Postal Commission at New York, October 2, 1906, on the theme "A Plea for the Business Freedom of the American Press."

Congress desired to shut out what is known as "house organs" or spurious newspapers or magazines issued by wholesale and retail merchants, manufacturers, and others, as mediums of communication with their customers and the public. The exception made of publications designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates, was not aimed at any genuine newspaper or periodical, but solely at the "house organs," for they always have one or more such characteristics. The house organ was legislated out of existence or compelled to pay circular postage; books paid the postage rate prescribed by law; newspapers and magazines were undisturbed in their free development. Such was the true intent of the law of 1879.

FREEDOM OF THE PRESS.

I agree with the Postal Committee of the American Newspaper Publishers' Association in recommending that the words "nominal rates" be stricken from the law. The provision opens the door to a censorship of the press through interference with its business methods. I also endorse their statement that all publications were designed primarily for advertising purposes which implies that that part of the troublesome proviso should also go. * * *

And right here I wish to enter my emphatic protest against the statement that one cent postage is a subsidy to the press. At the head of the pink blank which publishers are required to fill out, sign and swear to as a condition precedent to securing entry in the second class, somebody has put the following misstatement: "A publisher's second-class mailing privileges are in the nature of a subsidy, because the cost of distribution is mainly borne by the public treasury." (Laughter.) I have signed and sworn to several statements under this heading, but always with the feeling that I deserved to be prosecuted for perjury for assenting to what I regard as a falsehood and an insult to the American press. I hope that this commission will recommend that Congress enact a law, if necessary, requiring the public printer to omit such statements from future editions of this document. (Applause.)

THE VALUE OF THE CHEAP PERIODICALS.

The educational influence of an abundance of good, cheap reading matter was never more needful than in these days of vast immigration of foreigners to our shores. The press is the eyes, ears, and tongue of the public. It is fundamental to all scientific and industrial progress. In the wars against tuberculosis, yellow fever, and other contagions, and, indeed, in every effort to secure public co-operation, it is indispensable. In times of epidemic, the poor and ignorant are usually the first victims, and their homes the foci of infection. Such homes are invaded only by the very cheap publication and the sample copy. The cheapest of these abound in current information about hygiene, sanitation, and the like. They let the light of modern science into these dark places, dispel ignorance and prejudice, pave the way for quarantine, allay panic, and spread the gospel of cleanliness. What short-sighted, folly to curtail and curb the very influence which turns your mobs into organized intelligence!

The old style freedom to publish includes the liberty of publishing a very poor newspaper or magazine. If the editor lacked originality, he could use the scissors and paste-pot to the fullest extent. Advertisements were taken as a matter of course, as they had been part of the American newspaper from the beginning, just as selected miscellany had been. All that was required was "a list of legitimate subscribers," very small, of course, if the publisher was not able to engage in the business on a large scale or employ a corps of efficient editors, writers, reporters and managers. * * *

Legitimate publications are not asking the Government to protect them from unfair competition. They do not complain of the use of premiums or the circulation of free samples or advertising copies by other publishers.

They know that such evils are forms of competition, and correct themselves. They know that success comes only from good management, based on merit. All they ask is to be undisturbed as long as they obey the laws. They want their rights defined by law and not by administrative regulation. They want the protection of the courts. Let violators of the law suffer; but stop, once and forever, administrative interference with legitimate private business under the guise of collecting correct postage rates. (Applause.)

CUSTOMS OF THE TRADE.

There are certain ancient and well-established practices of the publishing business which it would be idle for the Postoffice Department to try to wipe out, which it never will be able to do away with entirely, and which therefore it has no business to interfere with in a few cases. These are rooted in the habits of both publishers and subscribers all over the country. They exist at ten thousand small postoffices, in every little hamlet in the land. They will always exist there, and will always be tolerated by the postal authorities in these local spheres. Some of these are the following:

First. The practice of cutting rates to whatever extent is necessary to secure circulation.

Second. The practice of offering premiums to both subscribers and club agents.

Third. The practice of making low clubbing rates in combination with other publications.

Fourth. The practice of giving away subscriptions to friends, relatives, and others, by the publishers and other persons.

Fifth. The practice of selling subscriptions, in small or large numbers, to subscription agents and others, at reduced rates.

Sixth. The practice of continuing to send papers to subscribers, after the time paid for has expired.

These practices cannot be uprooted without revolutionizing the whole local newspaper business. When laws are proposed at Washington to prohibit them, it is common to quote the Postoffice Department as promising that they will not be enforced as against the small country paper. The argument is urged that they are intended for other and larger publications. It is thus tacitly admitted that it is not intended to enforce such laws uniformly; in plain English, that it is proposed to make fish of one and fowl of another. I wish, however, here to commend what Mr. Madden says about treating all alike. That is the true principle.

Partiality is the essential vice of all bureaucratic government. Never since our Postoffice Department began to interfere in such matters has it been able to treat all alike. Never will it be able to enforce such a policy uniformly. The only remedy is to stop the experiment. Let the publishing business regulate itself. Give publishers the liberty they used to have. Let them alone until they disobey the law. Then let the courts enforce the postal laws, as they enforce all others.

FINDINGS OF THE PENROSE-OVERSTREET COMMISSION.

This concludes our brief sketch of the so-called reform policy of the Postoffice Department of the alleged abuses of the second class. Its value will be greatly enhanced, however, if we anticipate future developments by quoting here certain of the conclusions of the Penrose-Overstreet Commission, the further acts of which will appear hereafter. Under the caption "Views of the Commission," in its official report to Congress, occur the following statements:

The enormous disproportion between the periodical rate (second-class) and the printed matter rate (third-class) is undoubtedly the prime cause of the tremendous expansion of the periodical press in the United States. Although the United States press stands relatively low in the scale of book-

making, it produces approximately sixty per cent of all the periodicals published in the world.

At the same time this disparity lies at the root of most of the evils and abuses that have infested the periodical press. It was the immediate progenitor of the book abuse whereby complete novels, chargeable in their own proper character at the third-class rate, were transmuted into periodicals by the thin disguise of a serial name and number. It is the immediate cause of that worst type of so-called "mail order paper," which is but a combination circular, plastered over with enough reading-matter to make it look something like a periodical.

The policy, however, of giving printed matter in the periodical form this tremendous advantage over printed matter in other forms, is so deeply rooted in the American postal system that it will probably never be wholly eradicated. While it is probably true that the reasons which may originally have existed for the extraordinary advantages accorded periodicals have largely ceased to exist with the invention of wood pulp paper and the typesetting machine, there is yet great force in the argument that the advantage of the low rate has been passed on to the subscriber, and that it is too late now to take it from him. * * *

Another reason why no final and definite action can be grounded upon an approximate estimate of the cost of second-class mail matter, is because the gradual adjustment of the publishing business throughout the long period of time to a low second-class rate, renders it practically impossible to raise that rate to any degree worth the attempt. In order to continue in business at all, numbers of publishers must have the power to get their transportation done in some way at a cost not much above the present rate. In view of the nice adjustment of prices and methods to the one cent a pound rate, a radical horizontal increase (whereby the service could no longer be had in any form at the present price) would result simply in destroying all publishers on the margin to the advantage of those above the margin.

Commenting upon the standards of classification of the Act of 1879, the Commission makes the following assertions:

In truth, the difficulty with the classification attempted by this statute is simply that it does not classify. * * *

In the Act of March 3, 1879, the draftsman, instead of holding fast to the safe and universal principle of classifying by simply enumerating the objects to be embraced, departed from it in a measure and proceeded to make an elaborate system of definitions.

Instead of taking, moreover, as the elements of his definition, the characteristics of the physical things to be classified, he proceeded to construct it out of the purposes for which those things, namely, newspapers and periodicals, were supposed to be designed. A newspaper or periodical must be "originated and published for the dissemination of information of a public character, or devoted to literature, the arts, sciences, or some special industry." Now, the object of a definition is to define, to delimit. It should serve as a means of separating the things contained under the term defined from all other things. But in what way can it be said that a requirement that certain printed matter should be "devoted to literature" serves to mark it off from anything else that can be put into print? There is practically no form of expression of the human mind that cannot be brought within the scope of "public information, literature, the sciences, art, or some special industry." It would have been just as effective and just as reasonable for the statute to have said, "devoted to the interests of humanity," or, "devoted to the development of civilization," or, "devoted to human intellectual activity."

The prime defect in the statute is, then, that it defines not by qualities but by purposes, and the purpose described is so broad as to include everything and exclude nothing.

With the exception of a few instances where the publication has been excluded because the information was deemed not to be public, no periodical has ever been classified by the application of such tests. Any attempt to apply them generally would simply end in a press censorship. * * *

So with respect to the prohibition against publications designed primarily for advertising purposes, for free circulation, or for circulation at nominal rates, we have here again an attempt to define by objects and purposes. What was in the mind of the author is clear enough. He wishes to prohibit the misuse of the privileges for commercial ends, as distinguished from the devotion to literature, science and the rest. But the provision expresses a purpose, not a rule.

Dealt with from the standpoint of design, advertising becomes a word too wide for practical application. Either every periodical is designed for advertising purposes, or no periodical is so designed. This is neatly put in an article by Mr. James H. Collins, an advertising expert, in the issue of *Printer's Ink* for July 25, 1906 (Vol. LVI., No. 4), thus:

"There is still an illusion to the effect that a magazine is a periodical in which advertising is incidental. But we don't look at it in that way. A magazine is simply a device to induce people to read advertising. It is a large booklet with two departments—entertainment and business. The entertainment department finds stories, pictures, verses, etc., to interest the public. The business department makes the money."

But let us assume that the term "primary design for advertising purposes" could be assigned a reasonably definite and precise meaning: still a more absurd way of preventing the commercializing of the press could hardly be imagined than to cast upon an executive department, the determination in each individual case, of the mixed question of fact and law involved in an inquiry into the primary design of the publication.

How can an executive department, whose business it is to transport from day to day, week to week, and month to month, great masses of physical objects, conduct, as it goes along, a judicial inquiry into the primary design behind their publication? Since primary design means principal or chief design, the inquiry is a continuing one, and accompanies every issue. A publication not designed for advertising this month may become so next month.

Under the head of "Methods of Administration" occurs the following paragraph:

The Commission concurs in the view that it is highly essential that the administration of these classification statutes should be uniform and stable. Such vast amounts of capital are now invested in the publishing business that mere uncertainty as to the postal privilege of an established periodical publication may depress the value of the property to a ruinous extent. So long as a great disparity continues between the third-class rate for ordinary printed matter and the second-class rate for periodicals, the relegation of a publication from one class to the other amounts to practical annihilation.

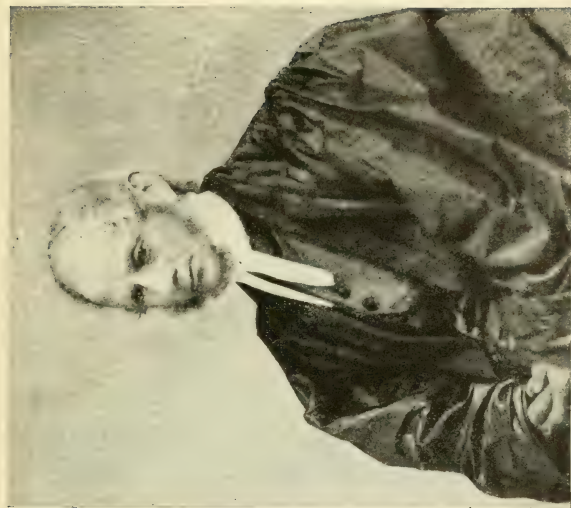
The present third assistant postmaster-general, whose energetic enforcement of the existing statutes deserves the highest commendation from an administrative point of view, was the first at the Commission's hearings to insist upon the great possibilities of injury inherent in the present system, and the fact that changes in the executive might either undo all that had been accomplished by way of reform or, on the contrary, by even more drastic exercise of the discretion lodged in the Postoffice Department inflict incalculable injury upon the publishing business.

The Commission, therefore, recommends that the administration of the law as to second-class privileges be vested in a special tribunal with power to review the decisions of the postmaster-general. Such a commission was asked for by the publishers with practical unanimity, and was indeed originally recommended by the third assistant postmaster-general.

The net result of the labors of this Commission, as will be seen hereafter, was the formulation of a law designed to codify and amend all previous postal legislation in such fashion as to clarify the law and free it from all vagueness and ambiguity. The proposed measure, however, did not meet with the approval of Congress. The law of 1879, although confessedly inadequate and incapable of righteous administration, still lies at the basis of the periodical publishing industry of America. That industry is still regulated by the traditional narrow construction policy of the Department, subject to such modifications as the personal views of new postmasters-general and third assistants may choose to enforce from time to time.

THE LEWIS CASE, TYPICAL.

The Siege of University City is of abiding interest as in itself a complete illustration of the dangers implicit in this vicious law. The sequel will show the actual realization of all the evils above described. We have seen how a typical mail order journal, the Winner, looked to Lewis from his standpoint as publisher. We have also seen how such a periodical was viewed by Madden as third assistant postmaster-general. We are now in a position to follow understandingly the series of events whereby Lewis slipped into the cogs of the departmental machine and by his vigorous protests started the controversy between himself and the Government.



Rev. and Mrs. Wm. H. Lewis, Lewis' paternal grandparents. The Reverend Mr. Lewis was the first Rector of Old Trinity Protestant Episcopal Church on Brooklyn Heights, Brooklyn, New York. This church was built by Lewis' great grandfather, on the maternal side, who was a ship owner and brought the necessary bricks from England as ballast for his ships. Lewis is the descendant of a long line of Protestant Episcopal Clergymen.



Mr. and Mrs. E. G. Lewis as bride and groom. The marriage occurred in 1893 during the year of the World's Fair at Chicago. Lewis was then traveling as demonstrator for the Waterbury Watch Company

CHAPTER VI.

LEWIS SLIPS INTO THE COGS.

MADDEN PROBES THE WINNER—THE FIRST CITATION—LEWIS' ATTITUDE TOWARDS MADDEN'S REFORM—CHANGE OF NAME TO "WOMAN'S MAGAZINE"—THE TRAVERS SHORTHAND EPISODE—WAS LEWIS A BRIBE-GIVER?—BRISTOW'S REPORT ON LEWIS—BAUMHOFF'S STORY—ENTER VICKERY AND FULTON.

The seven years' war that has raged during the siege of University City may have had its origin, to borrow one of Lewis' happy figures of speech, like a prairie fire. Somebody carelessly drops a match. From this tiny point of flame springs a conflagration that swallows village and farm-stead and takes grim toll of life and property as it sweeps on its devastating course. Who then dropped the first careless match? When, where, and by whom was the first spark kindled that later filled the whole heavens of the postal world with lurid blaze? The debate on this crucial point of the combat still rages hotly. Inspector Stice, as chief witness for the Government at the Ashbrook Hearings, tells one story. Lewis and Nichols tell another. A third solution is suggested by an outside witness, F. W. Baumhoff, a former postmaster at St. Louis. We have now to lay each of these stories before the reader.

The *occasion* of the first real controversy between Lewis and the Postoffice Department was the attempt of General Madden to apply his reform policy to the Winner. For Lewis sought to forestall the withdrawal of his second-class entry by conforming to the new requirements. To signalize this change of policy he altered the name of his publication from *The Winner* to the *Woman's Magazine*. This step gave the Department a technical advantage over him which afterwards opened a fatal breach in his defenses. The fight started somewhere in the midst of these events. Let us see what took place.

MADDEN PROBES THE WINNER.

The appointment of Madden as third assistant, it will be remembered, took place July 1, 1899, three months after the first issue of the Winner. The first so-called reform regulations were not issued until the following year, namely, under date of July 17, 1901. On that very day an inquiry into the status of the mail order journals was instituted. The postmaster at St. Louis received the following communication from the third assistant:

Sir: You are directed to require the publishers of the Winner to make on inclosed form, No. 3501, the sworn statement contemplated by para-

graph 10, section 295, Postal Laws and Regulations, showing the status of the publication at the present time.

This communication was transmitted by the postmaster under date of July 19, and was acknowledged by Lewis, as manager of the Winner, the following day. He submitted a sworn statement. The Mail Order Publishing Company was said to exist for the sole purpose of publishing the Winner as a monthly magazine. The Winner was said not to represent any trade, business or organization, but to be a family magazine exclusively. The editors were said to have no pecuniary interest in any enterprise represented in its columns. The number of copies printed was represented as between four hundred thousand and five hundred thousand of each issue. A legitimate list of three hundred and seventy-six thousand, two hundred yearly paid-in-advance subscribers was claimed, together with about one hundred thousand short term subscriptions. The subscription price was stated as twenty-five cents per annum. The average number of sample copies of each issue was said to be from twenty-five thousand to seventy-five thousand. Lewis in his letter of transmittal says:

We do not offer premiums of any nature whatever, nor have we done so for the past five or six months. We rely entirely on the literary contents of our paper to secure and hold our subscriptions. The editorial contents of the Winner are compiled and written especially for the class of people who get it. The paper might not appeal to persons of a higher education; yet it is exactly suited to the people who pay for it, or they would not subscribe for it at any price.

THE FIRST CITATION.

A few months later, Lewis was rudely awakened to the fact that the future of his enterprise might be dependent upon the determination of a will other than his own. The following letter as of April 2, 1902, was sent from the office of the third assistant, addressed to the postmaster at St. Louis:

Sir: Promptly on receipt of this communication you will inform the Mail Order Publishing Company, publishers of the Winner Magazine, that the Department will afford them an opportunity to show cause why this publication should not be denied the second-class rates of postage, on the grounds:

- (1) That the list of subscribers is not legitimate, as required by law.
- (2) That it is primarily designed for advertising purposes and within the prohibition of the statutes.
- (3) That it is circulated at a nominal rate and within the prohibition of the statutes.
- (4) That its circulation is not founded on its merits as a news or literary journal.

The hearing may take place at your office or at the Department, preferably the former. Arguments, statements, or evidence submitted by the publisher must be in writing, and must reach the Department not later than April 16, 1902. It is not necessary for a publisher to appear at the Department, but if he desires to do so he should arrange for a date when it will be convenient to hear him.

No action appears to have been taken by the Department prior to this citation. The investigation of the Winner by Postoffice In-

spectors Harrison and Holden referred to by Howard Nichols had, however, been made during this interval. This citation appears to have been caused by their report.

Lewis, meantime, as will appear in full hereafter, had incorporated an enterprise known as the Controller Company of America for the manufacture and sale of a pay station device as an attachment to private telephones. This concern had entered into a contract with the Maryland Telephone Company of Baltimore. Harrison J. Barrett, formerly, as will be remembered, an assistant attorney in the Postoffice Department, had severed his connection with the service and become a member of a private law firm at that city. Lewis had retained Barrett as counsel for the Controller Company of America.

On receipt of the citation of April 2, 1902, his thoughts turned to Barrett on account of the latter's previous experience and acquaintance in the postal service. He immediately wrote Barrett a letter requesting his advice, and transmitting a draft of the response which he proposed to submit to the third assistant. This letter and response, which was returned by Barrett with his approval, afford conclusive evidence of Lewis' mental attitude at that time with regard to his future policy as a publisher.

LEWIS' ATTITUDE TOWARDS REFORM.

During the interval between the citation of April 2, 1902, and the month of August of that year Lewis took up with other mail order publishers the subject of the reform policy of General Madden. He sought their opinions and advice with a view to determining what his own attitude and policy as a publisher ought to be. Many of his competitors elected to fight the third assistant. They met his citations with injunction proceedings brought in the courts of the District of Columbia, which have jurisdiction in such cases over the administrative officers of Government. The effect was, as we shall see, to bring the reform policy to a halt. The then existing posture of affairs is thus described by Madden:

While this reform was under way we dealt with the publications class by class. Our object was to put all people on a level. Finally, we got to the mail order publications. This practically included all the magazines. About that time there were some hearings given. Among others heard were five publications of Governor Hill at Augusta, Maine, a large publication centre, and five of the Gannett publications. After the hearings the publishers went into the district court and secured injunctions restraining the postmaster-general and third assistant from taking any action until the matter should be heard. There were in all at one time nineteen publications thus protected.

Lewis was advised and solicited by his brother publishers to join with them in these proceedings. On the advice of Barrett, and after mature consideration, he resolved not to antagonize the authorities at Washington, but rather to conform to the evident wishes of the Department. A study of his correspondence of that period discloses two principal reasons for this course of action. Lewis,

in the first place, expressed himself at that time in his correspondence with Barrett and in his personal letters to the third assistant as wholly in sympathy with the policy of reform. For, as publisher of the Winner, Lewis was himself a reformer. He made the following statement to the Ashbrook Committee:

I believe myself that the Woman's Magazine did more to reform abuses in the mail order field than all the laws ever passed. We brought our competitors up against a new kind of competition.

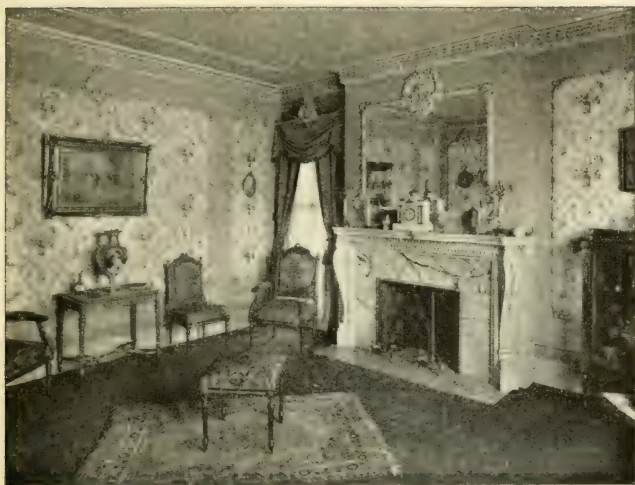
In the advertising field, the fact that we guaranteed our advertising and would stand good for any loss to the subscriber, raised the whole character of the mail order journals. We drove out the illegitimate paper which carried any kind of mail order advertising that could be gotten through the mails. I remember when I first published an absolute guarantee, a leading mail order publisher came all the way from New York to see me and protest against our advertising policy. He said, in effect, that it would ruin the mail order publishing business. I received a great many similar protests from other publishers and mail order advertisers, by letter. We stuck to that policy, however, and the effect was to compel our competitors to clean up their advertising columns.

In the circulation field, we introduced the competition of the paid-in-advance subscriber, who paid for the paper because he wanted it. The effect was to drive out the illegitimate papers, which did not make any pretense of having paid subscribers, but got the names in any way they could, and then kept them on their lists forever. The results to our advertisers proved that unpaid circulation was relatively unprofitable. Previous to that time, the average mail order paper did not figure on renewable subscriptions. If they could once get a person to subscribe, they regarded that name as a permanent fixture on their lists. The effect on the subscriber in the rural districts, where the mail order papers chiefly circulated, was to cause the belief that the subscriber would not have to renew, but that he would get the paper without further payment until he died. It became practically impossible to renew subscriptions by simply sending out a notice. All this increased the cost of securing renewals and correspondingly reduced the revenue of legitimate publications.

We came into the mail order field at this time with a periodical which was much better in every way. We used better paper stock, ran our presses more slowly, and aimed at a higher level of mechanical excellence. We guaranteed our subscribers against loss through advertisements. Subscription revenue, therefore, became important. We sought the paid subscriber who would renew in cash. We spent very large sums of money to secure that class of subscribers, and were, I believe, the only publication in existence at that time, in our competitive field, which was making any attempt to expire and renew its subscriptions in a legitimate manner. We went to means that, so far as our competitors were concerned, were unusual and extraordinary, to cut off our subscribers at the end of the paid-in-advance subscription period, and to secure renewals.

General Madden was the first third assistant to attempt to reform these so-called abuses; that is, to establish and codify rulings to govern those matters. They had never been ruled upon before. This brought about a very bitter controversy between the mail order publishers and the third assistant. We were urged by other publishers to join in their injunction proceedings, but we did not join. We stood out by ourselves. We announced to the third assistant and to the publishers, and it was well known at the time, that we were in sympathy with the reforms that were being undertaken.

Lewis, in the second place, believed that the Department being, as he thought, in the right, was bound to win in the long run, and



¹Drawing room, Lewis' residence in University City ²Entrance hall and living room
Observe that a glimpse of the drawing room is seen adjacent to the living room upon the right



Snap shots taken by Lewis of the wholesome out-door life which has been for many years his only recreation and in which Mrs. Lewis has always shared. The Lewis' have no children, but their two nieces and the little folk of their neighbors at University City come in for a full share of these innocent enjoyments. The Lewis swimming pool is almost a public institution

that sooner or later the new rulings would become effective. He, therefore, saw the necessity of at once shaping his business policy in such a way as to be ready to comply when that time should come. So he resolved on a general housecleaning, and determined to signalize the renovation of the Winner by adopting a new name more in keeping with the ideals of the improved publication which he had in view.

CHANGE OF NAME TO WOMAN'S MAGAZINE.

We must now trace the steps taken to comply with the Postal Laws and Regulations. While somewhat technical, these details serve to illustrate the usual customs of the Department. They also have a vital bearing upon what follows.

About the first of August, 1902, Lewis appears to have asked the postmaster at St. Louis to advise him of the decision of the Department on his response to the citation of April 2. The postmaster, on transmitting this request to Washington, was advised, under date of August 4, by H. M. Bacon, acting for the third assistant, as follows:

Sir: Referring to previous correspondence and the notice to show cause in the case of the Winner Magazine, published by E. G. Lewis, I have to inform you that, owing to the delay in securing a decision on cases now before the Supreme Court of the District of Columbia, which involve like questions, the Department has determined to take no further action on this case until the court has rendered its decision. This is looked for early in the Fall term. You are directed to notify the publisher of this decision.

Lewis next consulted Barrett as to the steps necessary to be taken in connection with the change of name. He was told that such a change was held by the Department to be equivalent to the end of an old periodical and the beginning of a new one. A formal application for the entry of the Woman's Magazine to the second class would, therefore, be required.

The only exception made by the Department in case of the re-entry of an old publication under a new name, as against an entirely new periodical, was a waiver of the deposit of postage at the third-class rate pending the final decision. Lewis instructed Barrett to advise the Department of the proposed change, and request the courtesy of the customary waiver. Barrett therefore dispatched a letter to this effect from his law office at Baltimore to the third assistant, under date of August 14, 1902, when the latter was on a vacation at Atlantic City. He also addressed a similar letter to W. H. Landvoight of the Classification Bureau of the Postoffice Department. From this the following paragraph is taken:

I wrote General Madden in regard to issue of a temporary permit, without deposit, in connection with application for re-entry of the Winner, St. Louis, Mo., by reason of change of name to the Woman's Magazine. As I advised you, he told me that a temporary permit would be authorized without deposit, and the application held for the present. If you hear from him, and authority is given to the postmaster at St. Louis, will you please advise me? If you do not hear from him within the next few days, will you let me know, so that I can endeavor to unclog the wheels of government?

The following pencil memorandum, under date of August 20, 1902, was written by Landvoight, and attached to this correspondence in the files of the Department:

Mr. Fettis: Under no circumstances must any action be taken in the case of the Woman's Magazine until General Madden returns. He wants to handle the case personally. Called it up September 8. Pass this word all along the line to make certain that no one errs.

Another longhand memorandum of the same date, signed by C. G. Thompson, is also attached to the same file:

Authorize postmaster to receive the Woman's Magazine (formerly Winner) at the regular second-class rates, without a deposit, pending decision of entry.

The above was dictated by General Madden at Atlantic City, N. J., August 18, 1902.

As to the above memorandum, General Madden makes the following explanation:

Mr. Thompson was at that time a clerk in my immediate office. I was spending my vacation in Atlantic City, and, as I recall it, he came over with a package of papers on which it was necessary to have my decision, in various cases; and when he reached this case, he probably made that memorandum as my conclusion. That is all there is to that.

H. M. Bacon, under date of August 25, acting as third assistant during the absence of General Madden, thereupon instructed the postmaster at St. Louis as follows:

Sir: The Department has been informed that the name of The Winner will be changed to "The Woman's Magazine", and an application will be made through your office for its admission as second-class matter. A request has been made that the deposit provided in section 441, Postal Laws and Regulations, be waived in this case.

Inasmuch as the Winner is entered as second-class matter, if you are satisfied that it would be perfectly proper to do so, you may waive the money deposit required by section 441 of the Postal Laws and Regulations to secure payment of the third-class rate of postage. * * *

The day following Bacon instructed the postmaster at St. Louis, "in view of the fact that the Winner is no longer in existence, and is superseded by the Woman's Magazine," to request the publisher to deliver to him "the certificate of the Winner as second-class matter, so that it may be forwarded to the Department for filing with the case of the Winner."

F. W. Baumhoff, then postmaster at St. Louis, by his assistant, replied, under date of October 3, in substance as follows:

I beg to state that several personal calls were made at the office of the publisher and we are in receipt of a communication from him, under date of the 1st inst., regretting his inability to locate the original certificate. As the office of publication was moved to its present location about two years ago, it is probable that the certificate was misplaced. Mr. Lewis, the publisher, further stated that in the event of the certificate being found later, he will gladly deliver it to me.

General Madden, having by this time returned to his post, responded to this communication, under date of October 9, as follows:

In view of the statement in your letter of the 3d instant, that the pub-

lisher of the Winner is unable to find the certificate of entry of that publication as second-class matter, the Department will not press its request for the surrender of that certificate.

Inspector Stice, when asked by the Ashbrook Committee why the above file of correspondence was read into the record as evidence for the Government, made the following reply:

The entire file is put in to show the conditions that existed in the office of the third assistant postmaster-general at that time. There was an application pending from the Winner Magazine at the beginning. The third assistant postmaster-general had taken the position that he would not take any action at that time until these injunction cases were disposed of. While the citation was pending, the name was changed, and the same position was maintained by the third assistant postmaster-general. This brings us up to the time when the cases were actually taken up for the investigation by reason of the non-action of the third assistant postmaster-general's office, or as one of the reasons.

The nonaction of the third assistant is further explained by the following letter (also introduced by Stice), under date of October 24, 1902, to the postmaster at Chicago:

Sir: The Department is in receipt of your communication of the 9th instant, in which you ask whether the subscription price charged for the Woman's Magazine, of St. Louis, Mo., is not "nominal under the Postal Laws and Regulations." In answer, you are informed that there are now before the Supreme Court of the District of Columbia a number of cases in which practically the whole of the second-class law is involved. The Department has, therefore, determined to take no action on such cases as those of the Woman's Magazine * * * until a decision has been reached by the courts.

The significance of all this will be found in due course in a letter over the signature of George B. Cortelyou, Postmaster-General, under date of March 4, 1907, *five years later*, purporting to be a denial of this application. During all these years, the Woman's Magazine, upon the hair-splitting technical theory of the Department, was not actually admitted to the second class. It was merely accepted by the Government on tolerance, by virtue of a temporary permit and waiver of deposit of the third-class postage. This fine-spun theory was sustained in court. But Lewis, meanwhile, had been officially notified by the postmaster at St. Louis to print at the masthead of the Winner the following legend: "Entered at Postoffice, St. Louis, as second-class matter, December, 1899." F. W. Baumhoff was then postmaster. He afterwards testified before the Ashbrook Committee in substance as follows:

The date of December, 1899, in that memorandum of entry was undoubtedly the date of the first entry of the Winner. The permanency of the entry as second-class matter of the Woman's Magazine was taken for granted. The incident was understood to be closed to the satisfaction of the Department. The only drawback was that the Lewis Publishing Company could not find the temporary permit for the Winner to offer in exchange for a new one. This also occurred in a number of previous cases during my administration, and had been passed upon in a similar way. The permit given to the publisher is not considered of much value. The records at Washington would show that a great many publications are in the same predicament. I remember distinctly that about a year later, after writing

several times on the matter, I received instructions to notify the publisher to continue. The notice read something like this: "By direction of the Postoffice Department you are instructed to continue mailing." I, therefore, notified the publisher to that effect.

Lewis, on receipt of formal notification from the postmaster to print a memorandum of second-class entry at the masthead of the Woman's Magazine, naturally concluded that his application was accepted. Nor did he get any inkling to the contrary until the first attack was made upon the Woman's Magazine in 1905 under circumstances which the sequel will show.

THE TRAVERS SHORTHAND EPISODE.

A few days after the application for entry of the Woman's Magazine was received at the Department, W. H. Landvoight, the superintendent of the Classification Division, forwarded a copy of the first issue to General Madden, then on vacation, as will be remembered, at the Hotel Ravenwood, Atlantic City, with this memorandum of transmittal:

My dear General: The application for the entry of the Woman's Magazine (formerly the Winner) as second-class matter has been received, and with it the inclosed copy of the new publication. This I send you for the purpose of inviting your special attention to the department of shorthand, on page 7. Please return the magazine in the inclosed envelope after it has served the purpose of its reference to you.

This was the first of a new series of lessons on shorthand to appear as a department of the Woman's Magazine, under circumstances which will be explained in the following communication: E. G. Lewis,

The Winner Magazine, St. Louis, Mo.

Dear Mr. Lewis: I was in Washington week before last, and had a personal talk with the private secretary of Third Assistant Postmaster-General Madden. The name of Mr. Madden's secretary is Arthur M. Travers. I have known him for many years, and known him intimately. We were both young men in Detroit together. When I called on him several weeks ago I asked him to do all that he could for you if any controversy came up in the Department regarding your paper. He stated that he had called on you in St. Louis, and that he liked you very much. When Mr. Travers and I were in Detroit together he was a very expert stenographer, and gave lessons to a number of young men in that community.

I asked him when I was in Washintgon, week before last, if it would not be possible for him to conduct such a department in your magazine, say a page a month. He answered that he felt he could do this very satisfactorily, and to the material profit of any publisher who would use his articles on how to become a shorthand writer.

I believe that such a department would be profitable to your magazine and would increase its merit as a publication for the dissemination of knowledge. I told Mr. Travers that I intended to take up the matter with you, and if it was of any interest to you that you would write him and get his terms for conducting such a department in your paper.

Personally, I am interested in the matter, both from the standpoint of yourself and Mr. Travers. You are both my friends, and I believe you could both help each other. With kind regards, I am,

Sincerely yours,

F. W. KELLOGG,

General Manager The Kansas City World.

In pursuance of this project, a deal was made whereby Travers furnished a series of six articles, running from the August, 1902, to January, 1903, issues of the *Woman's Magazine*. For this he received a total sum of two hundred and seventy dollars. This correspondence was introduced into the record of the Ashbrook Hearings by Inspector Stice to show that Lewis strove to interest in his behalf employees of the Postoffice Department in bureaus where he either had matters pending or expected to have. The employment of Travers was construed as an act of bribery. Attempts were made to show that Lewis profited by Travers' influence.

Lewis testifies that the recommendation of Travers by Kellogg came to him out of the blue; that the articles submitted by Travers were superior to those which he had previously been running; that the price paid was no more than the articles were worth; that Travers was also contributing articles to other periodicals; and that he was conscious of no necessity for bribing Travers, for he had no reason to suppose that any unfavorable action against him was contemplated. The reader must, upon the facts here stated, and others which are to follow, form his own conclusions on this topic.

WAS LEWIS A BRIBE-GIVER?

The theory of the Government, according to the testimony of Inspector Stice, is, in substance, that Lewis endeavored by means of a systematic campaign of bribery to maintain representatives in his pay or interest, in all of the various branches of the postal service that might bear directly and vitally upon the conduct of his publications. To support his contention, Stice submits this summary:

Records of the Postoffice Department show these facts: On September 22, 1899, Inspector E. L. McKee submitted a report on an investigation of the *Winner Magazine*, published by the Mail Order Publishing Company, of which E. G. Lewis was president, and found no violation of the postal regulations.

On April 14, 1900, Inspector McKee submitted a report on a second investigation of the *Winner Magazine*. He found no violation of law, unless an arrangement as to certain subscriptions received through the Sterling Remedy Company were held to be objectionable by the Postoffice Department.

On October 24, 1900, Inspector J. D. Sullivan submitted a report on an investigation of the *Winner Magazine*. He found no evidence of any violation of the postal laws.

On December 10, 1901, Inspectors Harrison and Holden submitted a report on an investigation of the *Winner Magazine*. They recommended that the second-class privilege be withdrawn, for the reason that the statute was not complied with.

On May 12, 1902, Inspectors Price and John D. Sullivan submitted a report on an investigation of the *Woman's Farm Journal*. They found no violation of law.

George A. Dice, who was inspector in charge of the St. Louis division, became a stockholder in the Lewis Publishing Company on its incorporation in 1903. He held this interest up to the time of his death, in November, 1904, and his son was employed by E. G. Lewis at the time this investigation began, in February, 1905.

A. M. Travers, while chief clerk in the office of the third assistant postmaster-general, was employed in the Fall of 1902, by the Mail Order Publishing Company, E. G. Lewis, president, at a salary of fifty dollars per month as a contributor to the *Woman's Magazine*.

Harrison J. Barrett, as an assistant attorney in the office of the assistant attorney-general for the Postoffice Department, accepted a gold watch from Lewis and Nichols, while an officer of the Postoffice Department. Upon severing his connection with the Department he became an attorney for Mr. Lewis, continuing until about November, 1904.

Inspector McKee became a stockholder in one of Lewis' companies, the U. S. Fibre Stopper Company at a later date, about 1903. He obtained his stock at ten cents on the dollar, the price to the public being par.

Inspector John D. Sullivan was a bondholder in the Development and Investment Company.

Stice further remarks that the application for entry of the *Woman's Magazine* had been pending in the third assistant's Bureau since August 21, 1902, without unfavorable action. He says that the conduct of both Travers and Barrett was under investigation on charges of an attempt to obtain money in that connection by false pretenses. He recites these facts as substantial reason why the postmaster-general took this case out of the office of the third assistant and assigned it for investigation to the division of post-office inspectors. Stice elsewhere alleges that Lewis had been in trouble with the Postoffice Department substantially all the time since 1899, and plainly suggests the inference that neither the *Winner* nor the *Woman's Magazine* were at any time in full compliance with the law, but would have been excluded by the Department except for Lewis' success as an adroit corruptionist. The inception of the antagonism of the Department to Lewis and his enterprises is thus plausibly accounted for upon the ground that he has been from the very outset of his career as publisher a violator of the law. His alleged system of bribery is, upon this theory, held to be an admission of guilty knowledge of irregularities to be covered up. The Department, in proceeding against Lewis, is held to have done no more than to strip from him the mask of his pretenses, and to bring down upon him the consequences of his own misdeeds.

BRISTOW'S REPORT ON LEWIS.

The officers of the Government thus involved with Lewis in a common accusation are Harrison J. Barrett, an assistant in the office of James N. Tyner, assistant attorney-general for the Postoffice Department; Arthur M. Travers, chief clerk in the office of Third Assistant Postmaster-General Madden, and afterwards for a time acting third assistant postmaster-general; George A. Dice, postoffice inspector in charge at St. Louis, and Inspectors E. L. McKee and John D. Sullivan. The bribe-giver and the bribe-taker (in the familiar phrase of Theodore Roosevelt) are equally guilty. Hence these charges against Lewis can be sustained only at the expense of a presumption that the employees of the postal service are quite generally corruptible. The Government, however, does not hesitate

to accept this horn of the dilemma. It rejoins in substance, that the Postoffice Department during some part of the administration of McKinley and the first administration of President Roosevelt was, in fact, literally reeking with corruption; and that conspicuous among the high officials caught red-handed were Harrison J. Barrett and W. H. Landvoigt, whose names are identified with the Lewis case. In further support of its contention, the Government points to the conditions disclosed in the famous report of October 24, 1903, of Fourth Assistant Postmaster-General Bristow. To further clinch the case of the Government, the famous citation from Bristow's report, touching the episode of the gift of a gold watch by Lewis to Barrett, in behalf of the Progressive Watch Company, may now be given:

EXTRACT FROM THE REPORT OF HON. J. L. BRISTOW, FOURTH ASSISTANT POSTMASTER-GENERAL, ON THE INVESTIGATION OF CERTAIN DIVISIONS OF THE POSTOFFICE DEPARTMENT, DATED AT WASHINGTON, OCTOBER 24, 1903.

Prior to the beginning of this investigation, statements appeared in the public press to the effect that certain fraudulent schemes, popularly known as "get-rich-quick" concerns, were being allowed the unlawful use of the mails by the office of the assistant postmaster-general for the Postoffice Department.

The failure of a number of these concerns in St. Louis, Missouri, brought numerous complaints to the Department. Inspectors W. J. Vickery and R. M. Fulton were placed in charge of the investigation. Their report is submitted herewith, marked Exhibit F.

At that time James N. Tyner was assistant attorney-general, and G. A. C. Christiancy and D. V. Miller were assistant attorneys.

Among other things it was alleged that Harrison J. Barrett, a relative of Tyner's wife, and formerly his assistant, was extorting large amounts of money from these fraudulent institutions under the guise of fees for legal services in preventing the issue of fraud orders against them.

Barrett was appointed assistant to Tyner on the 27th day of May, 1897, and served until December 21, 1900, when he retired to enter a law partnership with J. Henning Nelms, of Baltimore, Maryland. He was succeeded in office by G. A. C. Christiancy.

The postmaster-general is authorized by law to refuse the use of the mails to anyone conducting a lottery business, or a scheme for obtaining money under false pretenses.

All questions arising under the fraud or lottery statutes are referred to the assistant attorney-general for the Postoffice Department, and he passes upon the cases as presented and prepares orders prohibiting the use of the mails, known as fraud orders, for the postmaster-general's signature. These cases are not presented to the postmaster-general for consideration unless fraud orders are recommended by the assistant attorney-general. The responsibility, therefore, for the execution of the statute referred to rests with the office of the assistant attorney-general.

The administrative methods of Tyner and Barrett can be most clearly illustrated by reviewing a number of cases that were passed upon by them.

E. G. LEWIS, ST. LOUIS, MO.

E. G. Lewis, of St. Louis, Mo., was conducting what is known as an "endless chain" scheme. He offered a watch for ten cents, the conditions being that the original sender of the ten cents was to get ten cards. These he was to sell or give away to ten other persons, each of which was to send ten cents and receive and distribute ten more cards. And when all of these were sent to Lewis with ten cents each, the watch would be forwarded to the starter of the chain.

Lewis would get from original holder, ten cents; from first circle, one

dollar; from second circle, ten dollars; total, eleven dollars and ten cents, before the watch was sent.

Barrett ruled that the chance of breaking this chain was so great that it amounted to lottery; that the possibility of one person controlling the action of one hundred and ten persons—in compound style—was so remote that it made the prizes dependent upon chance. He held, however, that the simple chain, which brought the prize on the second round, did not involve chance and was not lottery; that, if the scheme, in other words, gave the watch upon the payment by the ten to whom the first man sold his tickets, it might use the mails. (Exhibit F-2.)

Lewis, according to Barrett's rulings, was conducting a fraudulent business. No fraud order was issued, however, and he was permitted to wind up the current business, upon the promise that in future operations he would simplify his plan as suggested by Barrett.

As an acknowledgment of the kind and courteous treatment which he received at the hands of Barrett in disposing of the case, Lewis presented him with a gold watch, valued at thirty-five dollars, which Barrett accepted. Afterwards it appears, however, that under the new name of the Mail Order Publishing Company, Lewis operated the same old scheme. When Barrett was advised of this he wrote Lewis, under date of July 25, 1899 (Exhibit F, pp. 4-6), accusing him of bad faith in returning to the old scheme, and said:

"You requested me, in consideration of my courtesy and leniency, to accept a watch, which you sent, and which I accepted in good faith; but now I cannot, with self-respect, retain the watch, so I have returned it to you by mail to-day."

It seems, however, that afterwards, amicable relations were re-established between them, and Barrett again accepted the watch. Later, when Barrett retired from office, Lewis employed him as his attorney.

The impropriety of an officer accepting a present from a violator of the law for an act of leniency should have been apparent to a duller man than Barrett.

In September, 1900, the attorney-general ruled that not only was the compound system in violation of the law, but the simple scheme as well.

The above extract from Bristow's report wherein for the first time the names of W. J. Vickery and R. M. Fulton are linked with the name of E. G. Lewis, was, with the exception of the sixth and seventh paragraphs, reprinted by the Department and issued from the office of Assistant Attorney-General Goodwin in reply to inquiries concerning the Lewis case. Lewis was thus not only pilloried before the rank and file of the postoffice officary (all of whom were close students of this report) as a bribe-giver and violator of law. That accusation was likewise imparted broadcast to the general public and the press.

Stice further read into the record of the Ashbrook Hearing the memorandum of President Roosevelt, transmitting Bristow's report to Congress, and characterizing it "as thorough a bit of investigation work as has ever been done under the Government." Roosevelt states that the facts therein set forth "show literally astounding misconduct" on the part of Barrett. As to him, he says:

In the office of the assistant attorney-general for the Postoffice Department, under Tyner and Barrett, far greater wrong was inflicted upon the public than could be measured by a pecuniary standard, for in this office the corruption of Government officials took the form of favoring get-rich-quick concerns and similar swindling schemes; in other words, the criminals,



¹Dining room of Lewis' University City residence ²Library
The library adjoins the entrance hall and living room upon the left. The dining room adjoins the library



¹Guest room in the Lewis home

²Sleeping apartment of Mr. and Mrs. Lewis

whom it was the sworn duty of these Government officials to prosecute, paid them for permission to fleece the public unmolested.

The President's memorandum closes with the following ringing peroration which, upon the theory of the inspectors, would include Lewis within the scope of presidential rebuke:

No crime calls for sterner reprobation than the crime of the corruptionist in public life and of the man who seeks to corrupt him. The bribe-giver and the bribe-taker are equally guilty. Both alike sin against the primary law of the State's safety. All questions of difference in party policy sink into insignificance when the people of this country are brought face to face with a question like this, which lies at the root of honest and decent government. On this question, and on all others like it, we can afford to have no division among good citizens. In the last resort good laws and good administration alike must rest upon the broad basis of sound public opinion. A dull public conscience, an easy-going acquiescence in corruption, infallibly means debasement in public life; and such debasement in the end means the ruin of free institutions. Self-government becomes a farce if the representatives of the people corrupt others or are themselves corrupted. Freedom is not a gift which will tarry long in the hands of the dishonest or of those so foolish or so incompetent as to tolerate dishonesty in their public servants. Under our system all power comes from the people, and all punishment rests ultimately with the people. The toleration of the wrong, not the exposure of the wrong, is the real offense.

This official condemnation of Lewis and the interlinking of his name with that of an official said by the President to have been guilty of "astounding misconduct," was then (and still is) conclusive upon the official mind. Lewis was found by Bristow to be a corruptionist and a violator of the law. The President commended and approved his findings. Lewis, therefore, was a man to be regarded with suspicion for all future time, because, forsooth, he presented a watch to Barrett under the circumstances above narrated.

BAUMHOFF'S STORY.

Was Bristow wholly free from bias? Was the chief inquisitor himself guiltless of the irregularities which he so freely charged against others? No such question seems to have crossed the mind of anyone connected with the Siege of University City until former postmaster at St. Louis, F. W. Baumhoff, was placed upon the stand during the session of the Congressional Committee of Inquiry at St. Louis in November, 1911. Baumhoff was a most quiet, self-possessed, and unassuming witness. His testimony gave little promise of special interest, yet he electrified all present at the hearing by the bold assertion that he had always known what first caused the attacks of the Government upon the Lewis enterprises. He had kept silent during the entire controversy only for the reason that he had never before found a proper occasion to speak. Baumhoff then exploded a mine which had lain dormant for eight years; but which, if his testimony is credible, shatters the contention of the Government into a thousand pieces. For the first time since the report of Bristow as fourth assistant, he brought the latter's name into the Lewis case. He gravely charged, in substance, that it was Bristow who had instigated the early investigations of Lewis. The

inference was clear that Bristow had pilloried Lewis, not so much to expose any actual wrong-doing as to further his own unscrupulous ambition. The story told by Baumhoff, which, if confirmed by the investigations of the Congressional Committee, promises to let the light of day for the first time into the earliest beginnings of this controversy, is in substance as follows:

My name is Frederick W. Baumhoff. I reside in St. Louis and am now in the bond business. I was formerly Postmaster of St. Louis for five and a half years. I entered the service in 1881 and left it on December 31, 1903. Meantime I filled various positions from the lowest to the highest. I was all told twenty-three years in the service.

An application was made by Mr. Lewis to enter a little magazine called the Winner during the administration preceding mine. I was then Assistant Postmaster. Mr. Lewis applied for and was given a franchise for second-class privilege. I had nothing to do with that.

The Winner Magazine at first was a very small publication. They felt that the field would be greater if they changed the name to the Woman's Magazine. Every time a publication changes its name a new application has to be made. So Lewis applied for second-class entry on the Woman's Magazine. This was in the early part of my administration. The Department never acted on that. Mr. Lewis was given a temporary permit to publish. He was asked to give up the old permit of the Winner Magazine, which was a little printed slip of paper but could not find it. So he was notified to use the old permit and continue publication. I wrote the Department,—the letter should be on file there,—and asked about the application. I was advised to continue accepting it and so notified Mr. Lewis. This constituted full and free entry of the Woman's Magazine to second-class privileges absolutely. Mr. Lewis was first given a temporary permit. About a year later I received the order, "Please notify the publisher to continue." I understood that was final.

My understanding of the matter is that the old permit could not be found and so could not be exchanged, and Mr. Lewis was therefore told to continue under the original permit. They told me to use the original permit. As far as my knowledge is concerned, the Woman's Magazine was legally entered as second-class matter. I always so considered it. The returns for the Woman's Magazine were made in exactly the same way as those of other regularly entered publications. If the Department gave a temporary permit and later directed the publisher to continue, it could no longer be considered as temporary. In no case within my knowledge was a temporary permit allowed to run so long. To all intents and purposes it was continued as on a permanent order, and five years afterwards it was so construed by postoffice officials. I made many communications and several personal visits to the Department. I was assured that though many investigations had been made there was nothing against Mr. Lewis and his publication.

There was no more reason why Mr. Lewis' publication should be selected than any other. Yet they have been investigated in every conceivable way. There were investigations during my administration, during administrations before me, and following my administration. There were investigations by postoffice inspectors, by people connected with the legal department, by local postoffice inspectors, by inspectors dispatched from other points, and by the special agents of the Department itself. Mr. Bacon, who is now in charge of the Department, himself came on and made an investigation lasting a week or two.

I recall many investigations not only of Mr. Lewis' magazines but of others. This is customary. An investigation sometimes originates locally and sometimes at Washington. Often the work is done locally by direc-

tion of the Department, or it may be done by persons from the third assistant's office. That happened in a number of cases besides Lewis'.

Lewis is simply unfortunate. He was not in my opinion specially picked out for investigation on account of anything he had done, but came into the matter accidentally. I may say I am not friendly to Mr. Lewis and not unfriendly. I don't suppose I have talked to him half a dozen times since I left the service. Some of his later plans I do not approve. But my story will bring out what I believe to have been the real beginning of what is now known as the Lewis case.

SOME KANSAN POLITICS.

During the early days of Roosevelt's administration, there was much dissatisfaction in the Postoffice Department. Officials were fighting one another in rivalry, in attempts to get even on old scores and in many other ways.

At this time quite a majority of all the postoffice inspectors were being appointed from Kansas. They were in many cases illegally appointed. To understand how this came about it is necessary to state one of the rules of civil service, otherwise called the classified service. There are many postoffices which are outside the classified list because of the small amount of mail they handle. The business of these offices grows as the population of the towns increase, and when they have attained the necessary size, these postoffices are also classified. Before a postoffice is thus placed under the civil service rules any one can be appointed as clerk or other employee, without being graded in examination. When the postoffice is classified all the employees on the payroll at that time are put into the civil service. So if any one happened to know that a given postoffice was about to be classified and could secure an appointment there as clerk, he could evade the civil service regulations.

A good deal of that sort of thing was then being done. A man would be appointed as clerk at an unclassified postoffice. Shortly after, that office would be put in the civil service. Then the newly appointed clerk would be transferred to the postoffice inspectors' division and appointed as postoffice inspector at some other location. There never was any difficulty in thus transferring men from one branch of the classified service to another. That is one of the weaknesses of our civil service regulations.

A number of men were transferred about this time from local postoffices in Kansas to positions as clerks in offices which were about to be classified. Later, they were assigned to the postoffice inspectors' division from those localities. The records would show that a postoffice inspector had been assigned, say from Kentucky. So he was. But investigation would reveal that he was originally appointed from Kansas, then transferred to Kentucky, and from there appointed. This has a direct bearing on the Lewis case.

BRISTOW VS. DICE.

The inspector-in-charge of the St. Louis office for a long time was a very competent man. His name was George A. Dice. He is now dead. He came originally from Tennessee, but his home was in Danville, Ill., Uncle Joe Cannon's town. An effort was made once or twice to remove Mr. Dice. An inspector was once sent to St. Louis under pay of the Department at Washington, with the delicate mission to get Mr. Dice transferred. He was offered any place except Chicago. That was a fixture. Mr. Dice immediately appealed to Mr. Cannon and the Speaker vetoed it. He went to the President about it and had it stopped. From that time on there were petty jealousies. A little fight developed within the service that finally drove Mr. Dice into his grave. He often complained to his friends of the persecutions of the Department to get rid of him and get another man, Inspector Harrison, into his place as inspector-in-charge of the St. Louis Division.

All the states of the Union are grouped into these inspectorial divi-

sions with headquarters in some railroad centre. For instance, Boston is headquarters for New England; New York City for New York, Brooklyn and Long Island. A district often comprises several states. In our State of Missouri we are better provided for. We have two divisions. This again has a direct bearing upon the Lewis case.

Mr. Bristow of Kansas was then fourth assistant postmaster-general. Formerly the State of Kansas was in the St. Louis Division, and therefore under the inspector-in-charge at St. Louis. Inspector Harrison is from Kansas. Every power that could possibly be exercised was used to put him in Mr. Dice's place in order to cover that state. When all efforts failed Congress took the matter up and a new postoffice division was installed with headquarters at Kansas City. This takes in Kansas City and one county out of Missouri, besides the whole State of Kansas. Harrison was made inspector-in-charge. He is now United States Marshal in Kansas. I do not know if that is how Mr. Bristow was elected Senator, but I do know that when anything in the way of politics was going on in Kansas, there were more postoffice inspectors there than in any other state. Perhaps they went there to prevent people voting illegally. Maybe not. You can judge for yourselves.

Meantime every effort was being made to undermine Mr. Dice and find fault with everything he did. That I think is how the Lewis case became prominent. The inspectors finally settled on the Lewis case as the means by which they could accomplish their end.

LEWIS MADE THE "GOAT."

That was about the time my service expired. I left December 13, 1903. Shortly after that, as we know, the Lewis case came up. The prime mover in it was the man who succeeded Mr. Dice, a Mr. Fulton. My interest ceases there. After that I was not in the service and cannot tell what happened. Perhaps after I left Mr. Lewis suddenly acquired a good many dishonorable methods. I will say that during my service to the best of my knowledge he did not. His subscriptions continually grew and he had a very prosperous business so far as his publications were concerned. His People's Bank was organized after I left the service. Perhaps the very moment I left the office and closed the door behind me as Postmaster, the Lewis publications suddenly went wrong. I do not know. I am not vouching for them. I am giving a statement of facts, as I know them, which I have always believed led up to the investigation that followed.

MR. LEWIS: All this is new to me, Mr. Baumhoff. I would like to get the specific circumstances. You stopped just when I was sliding in between the cog wheels. Was Mr. Dice's subscription to the stock of the Lewis Publishing Company utilized in connection with this affair?

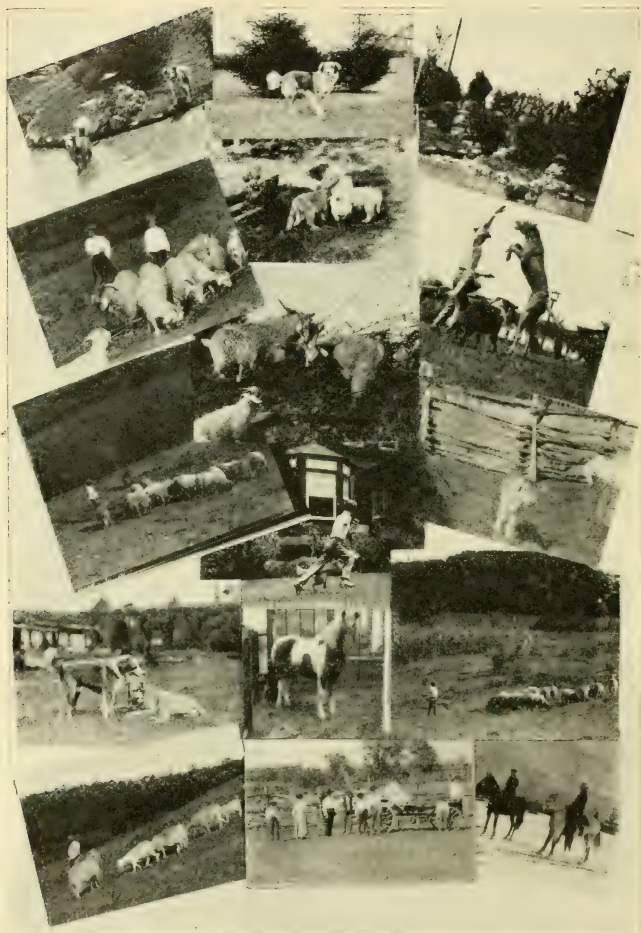
MR. BAUMHOFF: Every action of Mr. Dice was passed upon by people under him. The Department encouraged that and still encourages it. There is often one body of inspectors going around and another following them to make sure. The point I am getting at is that the Lewis case was used in an effort to undermine Mr. Dice and find out something they could report which would show his incompetency. This caused those in authority to overlook the irregularity of the way in which the whole affair was conducted.

Many other things the Department had on hand were waived aside. Everything was done to push the Lewis case. Clerks were detailed from the postal service to go out there to University City. They spent months at a time. Thirty, forty and if I remember right, at one time about seventy, clerks were there. The main matter of fault finding was the price he was charging for his paper. I think it was ten cents a year. After many investigations which seemed to favor Lewis, the publication was finally closed up. That in a general way is the history of the case.

The origin of it was an unfair attitude toward Mr. Dice. He did not want to leave St. Louis. His home was here. Yet one effort after another



Mr and Mrs. Lewis escaping business and social cares. The reporters who called to interview Lewis when the Peoples' United States Bank was first thrown into the hands of a receiver were informed that he was horse-back riding



Snap-shots taken by Lewis of household pets about the grounds of the University City residence and on the farm owned and managed by Mrs. Lewis. Mr. Lewis' two collie dogs are called by him the official "Cat Wardens" of University City

was made to effect his transfer, and the Lewis affair came in as a by-play of that. The Lewis case, to use a slang express, was made simply the "goat".

Did the Lewis case have its origin in Bristow's efforts to discredit Dice? Were Harrison and Holden sent to investigate the Winner in order to find charges against Dice of incompetence, corruption or neglect of duty? Did they report as they were expected to report, to serve the purposes of Bristow and contrary to the true facts? Such, in substance, is the logical inference from Baumhoff's story. The issue between Bristow and Dice was a drawn battle. Dice was sustained by Cannon against the alleged persecution of Bristow. Nevertheless, the latter, whose influence was augmented by the success of his famous report, accomplished his end, first, by the division of Dice's territory, and afterward by hounding Dice into the grave.

ENTER VICKERY AND FULTON.

Lewis, meantime, to use his own picturesque phrase, had "slipped into the cogs" of the departmental machinery and had become inextricably entangled. The very page of Bristow's report upon which Lewis was pilloried as a violator of the law, contains the following sentences which, in the light of after events, bear a sinister significance:

The failure of a number of these concerns (popularly known as get-rich-quick) in St. Louis, Missouri, brought numerous complaints to the Department. Inspectors W. J. Vickery and R. M. Fulton were placed in charge of the investigation. Their report is submitted herewith, marked Exhibit F.

What, if anything, this report may have had to do with the endless chain scheme conducted by the Winner, is still unknown. But both Vickery and Fulton must have been cognizant of the attitude of Bristow toward Dice and of the latter's friendliness with Lewis. The eyes of Vickery and Fulton must often have turned to this page, which thus bore their own names cheek-by-jowl with that of Lewis. The phrases which thus characterize Lewis as conducting a fraudulent business and as a violator of the law, must have been indelibly stamped upon their recollection. The clever story made by Bristow of the simple incident of the sample watch to attach more firmly the stigma of bribe-taker to Barrett, and to characterize the friend of Dice as a corruptionist and breaker of the law, thus assumes a consequence out of all proportion to its proper nature. When Lewis' attention was first drawn to it, he dismissed it, doubtless, with a laugh. Yet, next to the charges of Howard Nichols, those of Bristow have probably been the most injurious that have been brought against Lewis during his entire career.

CHAPTER VII. THE RISE OF THE WINNER.

THE RICHARZ PRESSROOMS—THE WOMAN'S FARM JOURNAL—
STRIDES OF PROGRESS—THE ELIMINATION OF NICHOLS—NEW
BUSINESS AFFILIATIONS—THE VISION OF THE WORLD'S FAIR.

Viewed from the higher altitude of historical perspective, it is easy now to see gathering below the horizon of Lewis' affairs in 1903 the clouds that afterwards bred a tempest so portentous. But to Lewis, at that time, the skies seemed clear. The fates at last appeared to be broadly smiling upon his enterprise. The years spanned by the story of the Mail Order Publishing Company, from the first issue of the Winner of May, 1899, to the organization of the Lewis Publishing Company on April 15, 1903, worked a transition in Lewis' fortunes little short of miraculous. We are now to inquire how he first got a firm grip on the lowest rungs of the ladder by which in a few brief years he climbed to fame and fortune.

The chief problem in the development of the Winner as a piece of property was to provide the necessary mechanical equipment. St. Louis was never a centre of the printing and publishing industry. There were in the early days of the Winner, no pressrooms in that city capable of producing at moderate prices the enormous output required. The first earnings of the magazine were, therefore, swallowed up by the purchase of new printing apparatus.

THE RICHARZ PRESSROOMS.

The best equipped pressroom in St. Louis, from Lewis' point of view, and the one which he selected to print the Winner, was that of J. P. Richarz. Even this was very inadequate. The owner, a thrifty German and competent mechanic, was not by temperament or experience qualified to finance a large enterprise, nor did he have the funds. Lewis, in order to get his work out at all, was soon under the necessity of providing additional capital for Richarz. He was obliged also to purchase for the Winner, and install in the Richarz Pressrooms, or wherever available space could be rented in the vicinity, a large part of the machinery required to meet the needs of his ever-increasing circulation. Lewis foresaw that he must, in the end, maintain his own printing establishment. So, he conceived the plan of buying Richarz out. The purchase of his first interest in the Richarz Pressrooms is an important step in his career. The way in which he financed the deal is characteristic of his ingenuity in financial affairs, since so widely noted. This deal introduces two men, George D. Allen and C. D. Garnett, who afterwards became Lewis' fast friends and backers.

Lewis, in brief, negotiated a contract with the Garnett & Allen Paper Company, whereby, in consideration of his agreement to purchase from them for a term of years the paper stock required for the Winner, he obtained the use of five thousand dollars cash. The loan was payable in instalments upon easy terms. This sum he applied on the purchase at par of a third interest in the capital stock of the Richarz Pressrooms of twenty-five thousand dollars. The balance was to be deducted from the first profits accruing to the stock. He then pledged to Garnett & Allen the stock thus purchased as security for their loan. To employ a homely phrase, he thus made one hand wash the other.

The Richarz Pressrooms Company, in which Lewis thus became a third owner, had been organized during the year 1900 as a close corporation. Two-thirds of the stock was still held by Richarz and members of his family. To protect his interest as a minority stockholder, Lewis required Richarz to enter into a pool of their joint holdings. By the terms of the pool, Lewis became a director and secretary of the company. The concern agreed to contract no liabilities or indebtedness other than current bills without his consent. The purchase of paper stock by the company was thrown to Garnett & Allen. Lewis was authorized to receive, in addition to the dividends on his stock, one-fourth of the profits on all orders brought to the company by him. The cash paid over by him for his interest was to be used for the exclusive purpose of developing and increasing the business and profits of the company.

A contract was thereupon consummated between the Mail Order Publishing Company and the Richarz Pressrooms, whereby the latter concern undertook to print, fold, bind, wrap, and deliver to the post-office at St. Louis, the Winner for a period of four years, on an agreed basis. Payment was to be made, one-half in cash and the remainder in the notes of the Mail Order Publishing Company endorsed by H. L. Kramer. Postoffice receipts were to be accepted by both parties as proof of the number of copies printed and delivered. The work of printing the Winner was always to have precedence. The entire issue was to be printed within twenty days from the receipt of plates from the foundry. A board of arbitration was provided to adjust disputes. This transaction was closed, and eight hundred and thirty shares of stock were assigned to Lewis on March 16, 1901.

THE WOMAN'S FARM JOURNAL.

Having now established lines of credit on his two principal items of expense; namely, the cost of printing and paper stock, Lewis looked about him for new worlds to conquer. During the early days of the Winner the publisher of a local farm paper had offered Lewis one thousand dollars, on condition that he install the endless chain plan on that periodical and double its circulation within one year. This was *The Woman's Farm Journal*, an old established periodical, which bore an excellent reputation among advertising

men. Lewis accepted the offer, and more than tripled the circulation. This sum was very acceptable in itself, but of even greater value to Lewis was the acquaintance thus formed of Frank J. Cabot, who afterwards became one of his close associates. This is Lewis' story:

In traveling around the country, securing advertising patronage for the Winner, I heard a great deal of a paper published in St. Louis, called The Woman's Farm Journal. Advertisers used to say: "There is only one paper that can come near your's in results. That is a little paper in your own city, the Woman's Farm Journal." I, therefore, talked the matter over with Mr. Cabot, the publisher, and finally bought the paper from him. Later, I took him into the business."

To finance this deal, Lewis required the sum of five thousand dollars. To get this, he took in two advertising men, Messrs. Hackstaff and Budke, connected with the Nelson Chesman & Co. advertising agency. His letter, under date of April 4, 1901, containing this proposition, shows the status of Lewis' affairs at that time. It also affords an insight into his manner of putting through a deal. Lewis says:

The writer intends to purchase the Woman's Farm Journal of St. Louis. This paper is eleven years old. It has a profit of about five hundred dollars net per month. It has never been pushed or exploited in any manner, and is first-class property. The price set on it is fifteen thousand dollars. My intention, as soon as I secure this paper, is to increase its make-up and circulation, and also to raise its advertising rate with the September number.

With the facilities we have for publishing such a paper we can produce one hundred thousand copies each issue, at two hundred dollars per month less than the present proprietor pays. We also have facilities for running its circulation up very rapidly. By using the fine engravings and good stories that were published in the Winner a year ago, we can greatly improve the contents without expense. We can thus get everything out of this property that there is in it. We hope within a year to make it the foremost Farm Journal in the country.

We also propose to purchase immediately, a very fine, large, rotary printing press. This is offered to us at one-third of its original cost and is practically brand new. We shall probably have to pay two thousand dollars cash and one hundred dollars a month on this press. But a very careful estimate shows that it will save about three hundred dollars a month net on the cost of producing the two papers. The purchase of this press will be a joint proposition between the Mail Order Publishing Company and the Woman's Farm Journal Company, pro rated on the number of copies printed on it of each publication.

Lewis then proposes to incorporate the Farm Journal Publishing Company for twenty-five thousand dollars, accepting the capital stock in full payment for the property. He offers Messrs. Hackstaff and Budke a one-fifth interest for par, namely, five thousand dollars cash, with a bonus of an equal amount in advertising space in the Woman's Farm Journal and the Winner. He thus proposed to give them a fifth interest in the concern for the use of five thousand dollars for a few months. Lewis expressed the opinion that he could make the stock of the Farm Journal pay twenty per cent the first year of its life.

His offer appears to have been promptly accepted. Two days later a purchase and sales agreement was entered into between Lewis and Cabot transferring to the former the property of the Woman's Farm Journal, including its entire mechanical equipment, its goodwill and accounts receivable. Another item specified in the purchase was a mailing list of two hundred thousand names for sampling. The consideration mentioned was fifteen thousand dollars. The sum of one thousand was to be paid in cash. An additional sum of five thousand was payable in advertising space at current net rates in the Winner. Two thousand dollars additional was payable in Lewis' notes of hand, endorsed by the Mail Order Publishing Company. Lewis assumed a contract for news printing paper with the Garnett & Allen Paper Company on which a considerable balance of paper stock was yet to be delivered. He also gave as security for his notes a mortgage on the Journal itself. The property was, however, to be delivered to him at once free from all other liabilities. A memorandum of agreement to this effect was drawn forthwith, and the property at once changed hands.

A separate agreement of even date shows that Lewis was not slow to make use of a method of financing that had once proved to be successful. The Graham Paper Company, one of the largest business concerns of St. Louis, by this document loaned the Farm Journal Company the sum of five thousand dollars upon terms almost identical with the Garnett & Allen deal; namely, on consideration of the exclusive purchase by Lewis from them of all paper stock required by the Farm Journal Company. The price of the paper in both cases was to be determined each six months by the current market rate. A slight complication arose on account of the undelivered balance of stock due the Farm Journal on the Garnett & Allen contract; but this appears to have been amicably adjusted, and the paper used.

Lewis next caused a new corporation to be formed to acquire the property of the Woman's Farm Journal. This was known as the Farm Journal Publishing Company. Its certificate of incorporation was placed of record on April 17, 1901. One hundred and fifty shares of stock in the concern were issued to Lewis and fifty shares to Nichols. Fifty shares appear to have been divided between Hackstaff and Budke. The new company then took over the publication of the Journal, Cabot and Mrs. Cabot being retained in charge of the editorial end.

STRIDES OF PROGRESS.

A good deal of additional business resulted from the purchase of the Woman's Farm Journal. The new capital thus added to Lewis' cash resources eased his financial strain. A sense of security also resulted from his long-time contracts on presswork and paper stock. These conditions led to his removal from the cramped quarters he had previously occupied to a new location. Shortly after the Journal was taken over, he leased a suite of rooms on the second floor of the

office building at 108½ North Eighth street, St. Louis, for a period of two years, beginning June 15, 1901, and immediately removed the equipment of the Winner and the Journal thither.

The number and variety of Lewis' enterprises was now such as to cause him and his friends some anxiety as to what the outcome might be in the event of his sudden death. These and other considerations, to be explained in subsequent chapters, led to the organization, in June, 1901, of the Development and Investment Company as a holding concern for his various interests. On June 20, therefore, Lewis' entire holdings in both publications, consisting of three hundred shares in the Mail Order Publishing Company* and one hundred and fifty shares in the Farm Journal Publishing Company, were made over to this corporation. Nichols testified before the Ashbrook Committee that to his knowledge Lewis did not in fact thus transfer his holdings. Both the above certificates of stock, however, bear Nichols' signature as secretary.

The chief landmarks of Lewis' progress during this period may now be rapidly sketched in. During the month of November, 1901, he contracted with the Kidder Press Company for the purchase and delivery of the rotary press mentioned in his proposal to Messrs. Hackstaff and Budke. The consideration mentioned was ten thousand dollars. This was payable in instalments over a term of twenty-three months. Delivery and installation of the press in the Richarz Pressrooms was promised for the following August.

During the month of December, Lewis entered into a contract with the Nelson Chesman Advertising Agency to place, during the ensuing year, the equivalent of five thousand dollars a month advertising in publications of general circulation, for subscriptions to the Winner and the Woman's Farm Journal. This advertising caused a rapid expansion of his business.

The outlook at the beginning of the new year, led Lewis, in January, 1902, to extend his quarters to include the entire second floor of the building at 108½ North Eighth street, to which he had recently removed. The terms of this lease permitted his placing the sign "Winner Building" over the entrance. A corresponding

*A memorandum of statement of this company from January 1 to October 1, 1901, in Lewis' own handwriting is still preserved. The income from advertising space was represented in round figures as \$72,000, that from subscriptions as \$20,000, or a total of \$92,000 cash revenue all told. The total expenses of all sorts were shown to be \$74,000, a net profit of \$18,000 for the period of nine months, exclusive of the three best months of the business year. Lewis estimated that his business for the following year would be approximately \$85,000, and a resulting profit in that case at the rate of \$65,000 per annum.

His assets, consisting of cash, bills and accounts receivable, paper stock and equipment, were represented in round figures as \$31,000. The cash value of the subscription list was estimated as \$56,000, independent of the good-will of the magazine itself. As against these total assets of \$87,000 were shown bills and accounts payable of \$14,000, and capital stock, \$50,000 or \$64,000 all told, leaving a net surplus of \$23,000, exclusive of the franchise value of the publication. Lewis' memorandum shows a total of 274,000 paid-in-advance ten-cent subscriptions, and 113,000 twenty-five-cent subscriptions, procured at an advertising expenditure of \$25,000.

This memorandum appears to have been prepared by Lewis for his own information, as there is no indication of its having been submitted to others. It also bears internal evidence of being a reliable statement of the facts.

change occurred at the masthead of the two publications and upon the stationery of both companies.

A sworn statement of circulation of the *Woman's Farm Journal* was required of the publishers in February, 1902. The editors were said to be Lewis and Mr. and Mrs. Cabot. The *Journal* was represented as independent of any trade, and open to all forms of advertising, except medical. The proprietors were said not to be interested in any advertising in its columns except that of the Pacific Trading Company. This was said to pay the same as others. A total subscription of two hundred and sixty-two thousand copies each issue was claimed, at a subscription price of twenty-five cents per annum. The number of sample copies of each issue was stated as ten thousand. These were said to be sent out only at the request of present subscriptions and club raisers.

Various financial statements were submitted from time to time during the summer of 1902 when business was dull and additional credit was required, to Lewis' banks, the Fourth National and the National Bank of Commerce, both of St. Louis. These were accepted, after such investigation as is customary with conservative bankers, as the basis of substantial lines of discount. Lewis had apparently made good as a publisher, and won for himself an assured position as a substantial business man and citizen of St. Louis.*

THE ELIMINATION OF NICHOLS.

The break with Nichols, which was fraught with such disastrous consequences, occurred during the month of May, 1902. Nichols was, at this time, the owner of a two-fifths interest in the Mail Order Publishing Company, and a one-fifth interest in the Farm Journal Publishing Company. His interest in the Development and Investment Company was nominal. This is Lewis' story to the Ashbrook Committee as to how the final rupture between the two men came about:

One of the young women clerks came to me one day and said that she felt she ought to tell me something; that for months past Mr. Nichols had been getting down to the office early in the mornings to receive the mail, and had taken out the large club envelopes containing considerable sums of money, destroying the subscriptions and keeping the money; that she

*A statement of the Mail Order Publishing Company as of March, 1902, shows an increase in the claimed surplus of that publication, over all liabilities, including capital stock, to \$49,000. A similar statement as of April 6 claims a surplus increased to \$70,000, due chiefly by reason of new subscriptions resulting from cash advertising. A total of \$72,000 cash was shown to have been expended during the preceding six months in advertising for subscriptions. The results of this advertising became apparent in the increase of the surplus values of the Mail Order Publishing Company, which had risen to \$85,000 by the first of May, and to \$90,000 in July. Statements for the remainder of the months of 1902 are not available; but the statement for the first of January, 1903, shows a surplus of \$90,000, exclusive of the cash value of subscription list now estimated at \$250,000; or in excess of \$300,000, all told.

Advertising contracts were in hand at the beginning of 1903 for the ensuing year to the amount of over \$250,000. There was estimated a probable subscription revenue for the year at approximately \$100,000, and the current advertising running without contract at the same figure, or a total estimated income in excess of \$400,000. The total cost of producing the paper for a year was estimated at \$180,000, showing upon that basis a prospective profit of approximately \$250,000 for 1903.

had seen him do this several times; that if I would look in the bottom of his desk then, I would find some envelopes that he had ready to take home that night. He was out at the time, and I did look in his desk. Then I waited for him to come in. In the meantime I stepped out for a few moments. During my absence he came in, found out what had happened, left the office, and never came back. Since that time he has been a very bitter enemy. I understand that he is the source of a large part of this misinformation. He is now in St. Louis selling a hair-dye preparation.

NICHOLS' VERSION.

This in substance, is Mr. Nichols' version:

We were in the street car one day going home when Mr. Lewis said one man ought to run the business. I said, "Ned, it looks like you have all the say-so. Everything is done just as if it were your own." He said, "Yes, I know; but every time I get up a scheme, you knock it on the head." I said, "Ned, your schemes are so harum-scarum that they might get us into trouble." He said, "I want to run that subscription list up." I said, "If we do that, we have got to spend fifty or sixty thousand dollars with the Nelson Chesman Company and we will be swamped."

He thought for awhile and then said, "Nick, what will you take for your stock?" I said, "I will not take anything for it, Ned. I tell you what I'll do. If you want to run the whole thing, I will give you power of attorney and you can run it to suit yourself. I will take orders from you; or whatever you say. I will just turn the business over to you, and if you bring the thing out of a hole, and make good, it will be the greatest thing you ever did."

That very night he came to my home and said he wanted to talk the business over. I said, "All right, Ned, what will you do?" He said, "I will pay you seventy-five dollars a week." I was only getting fifty dollars, and not always getting that.

Well, that is what he wanted me to do. To go on just in the same way we had been doing, but with him as sole owner. I said, "No; I have been king here too long. I have ruled this place just like a czar; and I don't believe, Ned, that I can work for you." He said, "Then you take the Winner, or the Woman's Farm Journal. I will take whichever one you don't take, and we will separate." I said, "No; if we separate, let us do it completely." He said, "What are you going to do?" I said, "I will take the Pacific Trading Company." This was a joint enterprise owned by Mr. Lewis, Mr. Cabot and myself, and Mr. Duby, the chemist, for selling patent medicines, including the hair dye. "Well," he says, "that is just the thing. I will run the two magazines, and you can run the Pacific Trading Company." I had a little too much pride, probably; but I said, "Ned, I will make that business make itself. I know the patent medicine business from A to Z, but I don't know the publishing business." So I said, "I bet you dinners for two, that I will have more money in five years than you will have." I would have lost that bet, if he had taken it.

So I stayed there pretty near two weeks. I signed up all the stock that Mr. Lewis presented to me. He said, "Nick, this is your old stock. You sign over the Woman's Farm Journal stock to me and I will sign over the Pacific Trading Company stock to you." I said, "All right, Ned. Give me a thousand dollars on the old account." I remember signing my stock over to him and he to me. He assigned me the stock for the Pacific Trading Company. I assigned to him the stock of the Magazine. There was an arrangement and the matter was settled amicably, and carried out in good faith.

ATTITUDE OF NICHOLS.

The reason I severed my connection with him I will put this way. I kept arguing with Mr. Lewis to drop some of the things he had on foot. The Diamond Candy Company, the Progressive Watch Company, and so on,

were out of business. The Development and Investment Company and the Coin Controller Company were in business. But we had half a dozen other things in mind that we were talking about. One of them was the University Heights Company. He had that scheme in hand, and I did not like it. I told him it was not proper and not right, and that I really did not care to go into it. He also had on foot this proposition of putting up a great big building, as he did do afterward. But from my view of the business at the time, I could not see where he could get the money. I knew that the contractors would want their money promptly. I do not know what he might have had in mind about acquiring the money with which to build that building. But I did not see where the money could come from as quickly as the contractors would need it. I knew at the time we didn't have the money to buy one acre of ground, much less ten or fifteen acres, and put up a building.

I don't say that I contemplated severing my connection with Mr. Lewis because he was thinking about this thing. But I say this: If you had been associated with Mr. Lewis intimately for three or four years and had no faith in some of the schemes that he proposed to you, you, also, would have been rather timid about staying with him. I am afraid to say that he was as full of schemes as a dog is of fleas, because some of the Committee might take exception to this way of putting it, and I do not want to appear fresh.

Lewis' story touching the accusation of an employee that Nichols was abstracting money from the subscription mails is recited without prejudice, solely because it is essential to a proper understanding of what follows. Lewis admits that the charges were not made the basis of either civil or criminal proceedings. Nichols strenuously denies any wrongdoing. The sole fact of public interest is that Nichols felt himself to be aggrieved and, later, sought revenge by becoming an informer against Lewis and all his enterprises. The versions of both Lewis and Nichols as to the severance of their relations are now before the reader, who is thus in a position to draw his own conclusions.

The Winner was now successfully financed. It had turned the corner from investment to profit, and was in a position to make money rapidly. Lewis, through the Development and Investment Company, was reaching out for further investments, looking to quick profits. He was prepared to take speculative risks of which Nichols was fearful. It was thus evident, apart from Lewis' lack of confidence in Nichols, growing out of any suspicions he may have had, and other circumstances, that the differences of opinion between the two men as to future policies were irreconcilable.

The final transfer of Nichols' holdings in the Farm Journal Publishing Company was made on September 12, 1902. His stock was then assigned by him to Lewis, and by the latter to the Development and Investment Company. Lewis, upon the same date, also assigned to the Development and Investment Company his entire holdings of two hundred and seventy-five shares in the Mail Order Publishing Company. This is the last appearance of Nichols in any official relation with Lewis' enterprises.

The withdrawal of Nichols gave rise to a complete reorganization of the Mail Order Publishing Company. On April 15, Messrs.

Garnett & Allen had purchased a one-tenth interest in the Winner and were admitted to the corporation. On the 8th of May a stockholders' meeting took place. A new election of officers was held. F. J. Cabot, former publisher, now editor of the *Woman's Farm Journal*, became secretary in Nichols' stead. All outstanding shares of stock were cancelled. The stockholdings of the Company were then redistributed on the following basis: Cabot, one hundred shares; Lewis, one hundred seventy-five; Kramer, seventy-five; Allen, one hundred; Garnett, fifty. The ownership of the Mail Order Publishing Company thereafter remained substantially unchanged until its merger in the Lewis Publishing Company, under circumstances next to be described.

NEW BUSINESS AFFILIATIONS.

We have now seen how Lewis obtained his first real start by securing, within thirty days, cash capital amounting to fifteen thousand dollars, financing therewith purchases amounting to upwards of twenty-five thousand dollars, and still retaining possession in cash of sums sufficient to provide working capital for both of his new enterprises. He was now in full control of the Mail Order Publishing Company and Farm Journal Company. By stress of personality, he was also the dominant factor of the Richarz Press-rooms Company, which was practically monopolized by his publications. The deals thus consummated had been made with practical business men of high character. The presumption is, therefore, conclusive, that Lewis' publications were well regarded in the trade, even at this early date. His personal character and reputation as a business man must, also, have been good to enable him to negotiate these contracts. He had severed the last vital link between himself and his former line of business by turning over to Nichols the Pacific Trading Company in exchange for the latter's interest in his publications. In place of Nichols, he had secured, as business associates, men of standing in the publishing industry and closely allied trades. As his credit became established he had formed valuable banking connections. His acquaintances and friendships with influential St. Louisans multiplied. His business and personal reputation as a citizen had grown apace. And all of this had taken place within two years after the first publication of the Winner.

THE VISION OF THE WORLD'S FAIR.

Then came over men's minds for the first time in St. Louis the vision of a great ideal, the Louisiana Purchase Exposition. The horizon of achievement was at once seen to be widened in every direction. The effect upon Lewis' mind was almost magical. His own horizon expanded with a bound. An international exposition is a great promotion scheme. Such a project carried with it a kind of intoxication to which the most sober-minded citizen is liable. Lewis, a promoter by temperament, reacted to it as to his natural element. The World's Fair became the central image about which

clustered all his thoughts and dreams. The Woman's Magazine was perhaps the first periodical of national circulation to take up the Fair as an editorial topic. Lewis placed himself in touch with the authorities almost immediately after it was announced, and at once opened his columns as a medium of national publicity. Hardly an issue of the Woman's Magazine appeared from that time forward without some advocacy of the coming exposition. Immediately letters began to pour in from Lewis' subscribers announcing the intention of making their trip to the World's Fair the occasion of a personal visit to the editor. All sorts of questions were asked by readers. Many wanted to know about accommodations at St. Louis. Others asked about the cost and other details of transportation. Still others inquired about seasonal and other local conditions. The office of the Woman's Magazine soon became a veritable bureau of information.

Lewis was quick to recognize the opportunity of earning the lifelong friendship of a multitude of his most prosperous and energetic readers. Brooding over the matter, he came to see that the advantage enjoyed by the Winner of being located at the World's Fair city would be immeasurably enhanced if he could place himself in close proximity to the site of the Exposition. When the determination was reached to locate the fair grounds at the western extremity of Forest Park, his thoughts turned at once in that direction. The emphasis laid by the promoters upon the architectural features of the Fair arrested Lewis' attention. The great variety of architectural designs submitted by the authorities for publication in the Winner, stimulated his imagination. The total effect of these thoughts and ideas culminated in a project, the successful issue of which is among the most stupendous achievements in the entire history of journalism.

Lewis, in fact, determined to take possession of the entire machinery of publicity of the great Louisiana Purchase Exposition, and transmute it into a means of promoting his two publications. He resolved to purchase a location adjacent to the fair grounds and erect there a structure equal in stateliness and beauty to the World's Fair buildings themselves. He determined not merely to advise his readers about securing accommodations, but to entertain them as his guests. He devised a project for promoting the attendance to the Exposition itself, which was also to afford him a substantial revenue. The mere conception of these schemes would characterize Lewis as a daring and original genius. The actual realization of them stamps him as a shrewd and sagacious man of large affairs.

The entire design must have seemed to the friends who could remember the occasion of his first coming to St. Louis as a vendor of Anti-Skeet, and his early struggles to secure a foothold, as little short of madness. Yet Lewis appears to have set about the job without the slightest misgiving. A suitable site had to be pur-

chased. The building itself was yet to be designed. The project must needs be adequately financed. To accomplish these results, the co-operation of all the various enterprises with which he was connected must be assured. To this end, Lewis conceived the idea of a consolidation of all his publishing interests into a single company. And thus the Lewis Publishing Company was born.

The efficient instrument, by means of which Lewis worked out the financial and other problems with which he was confronted at the various stages of this great enterprise, was the Development and Investment Company. We must therefore now describe the combination of circumstances which gave rise to this concern, the manner of its organization, and the purpose for which it was intended. The organization of the Lewis Publishing Company, the purchase of the tract of land which became the nucleus of University City, the story of the World's Fair Contest Company, and of Camp Lewis, will all then fall naturally into place among the other projects of which the Development and Investment Company was the patron and promoter. This concern, as will be seen, was designed by Lewis as a holding company for all his various interests and was often described by Lewis as himself capitalized; hence the title of a succeeding chapter.

CHAPTER VIII.

INVENTION AND PROMOTION.

LEWIS AS ARTIST, ARTISAN AND INVENTOR—THE LEWIS ADDRESSING MACHINE COMPANY—THE ALLEN STEAM TRAP COMPANY—THE CONTROLLER COMPANY OF AMERICA—THE UNITED STATES FIBRE STOPPER COMPANY—THE FIRST STOCK PUT ON THE MARKET—THE QUESTION OF GOOD FAITH—THE FIBRE STOPPER COMPANY UNDER THE PROBE.

The phase of Lewis' career which makes it so complex as to be the despair alike of biographer and reader, is his astounding versatility. No sooner has one mastered the chain of reasoning and the series of events by which Lewis made the Winner Magazine a valuable piece of property, than it becomes necessary to investigate what he was doing at the same time as an inventor and promoter of inventions. When these complex affairs are cleared up, one is confronted with his extensive real estate and building projects. Nor is this all. For the sequel shows that the germs of his still later ideals and conceptions of a City Beautiful, such as he sought to realize through the American Woman's League and the People's University, were even then looming on the horizon of his thoughts. We have considered Lewis as vendor of proprietary articles and as publisher. We have now to view him in the role of an inventor and promoter of mechanical devices.

LEWIS AS ARTIST, ARTISAN AND INVENTOR.

Lewis was drawn along the path which led to his wide activities as promoter by his innate bent toward all forms of skill in artisanship and mechanics. From boyhood he has been able to do almost anything with his fingers that human hands can do. Very early in life he picked up a working knowledge of taxidermy and in time became an expert taxidermist. He has always been an amateur artist and designer of no mean skill. Right in the middle of his fight with the Government he turned the chickens out of an old hen house, put in a potter's wheel and taught himself the extremely difficult art of molding, decorating, and firing porcelain, with no other assistance than the textbook of the great French ceramic decorator, Taxile Doat. Time and experience have made Lewis a master of many arts and forms of material. Wood, iron, concrete, clay, brick, stone, porcelain, wood-pulp, wax, cork, he has tried them all, harnessed, shaped and put them to use to make money for himself and others. He has gone on to work with real estate, banking, notes, bonds, education, and the ideals of men and women. The plastic touch with which he has modeled porcelain has

also altered the very face of nature. It has removed hills, laid highways and brought into shape magnificent buildings and their equipment. Even the organization of companies, corporations, leagues and universities are only the application of the same innate aptitudes to his relationships with men and women.

This natural and acquired ability to give expression to the products of his mind in the form of sketches and models, gives a clue to one of those profound and characteristic insights whereby Lewis has been able to move and influence great masses of men and women almost at his will. For his own instincts have enabled him to penetrate the secret that the masses of mankind are wont to think in concrete images. A model or picture is far more eloquent to the common mind than any form of argument. Acting upon this insight, Lewis has told his story in terms of clay, brick and marble, in such fashion that he who runs may read. The illustrations to this volume testify that the entire history of University City can be recorded by the photographic lens. The octagonal tower was first modeled by Lewis himself, then by a professional modeler, and afterwards built in actuality. Under the great marble stairway, which is the central feature of the tower, is the remarkable model of the University City plaza, illustrated on another page. This shows the entire group of buildings embodied in Lewis' ideal conception. This model is in a high degree symbolic of the creative and constructive bent of his imagination.

LEWIS AS INVENTOR.

Except for the discovery of his superior business sagacity, Lewis would doubtless have sought a career for himself as an inventor. His name does in fact appear upon the rolls of the patent offices of a half-score different countries. While a mere boy he patented a nickel-in-the-slot vending machine. He adapted the same principle later to the first model of the coin controller for the telephone call station, which was really his own invention. The difficulty of addressing by hand the enormous number of wrappers required for the Winner, provoked in his fertile brain the device afterwards patented as the Lewis addressing machine, the forerunner of many widely used instruments.

THE LEWIS ADDRESSING MACHINE COMPANY.

Lewis has always been by nature sympathetic toward inventors and appreciative of mechanical devices. The first device that he tried to make for sale, grew out of his publication business, being no other than the addressing machine above mentioned. Lewis himself tells the story in the following language:

At the time the Lewis Addressing Machine Company was formed I had very little capital. I was just beginning to establish a banking credit. The circulation of the Winner Magazine was growing rapidly and one of the chief problems was the addressing by hand of more than a million wrappers every month. One night while I was on a train traveling to Chicago the idea struck me of using what is known as hectograph or stencil paper, by means of a mechanical device afterwards perfected in this machine.

When I got to Chicago I spoke to several newspaper men friends of mine about the matter, especially George Krogness. They became intensely interested. We decided that we would put the idea to a test. So I went out and bought one of the small clothes-wringers such as are sold to children, and some hectograph paper, and we made a demonstration then and there. We decided that the idea was patentable, and concluded to perfect the device and put it on the market. Three of us put up a thousand dollars each and formed a company. I took out the patents. They are, I believe, the pioneer patents in the addressing machine business. I concluded, later, that I should not have time to follow up the matter. I, therefore, bought back the interest from my two associates for two thousand dollars each. In other words, I paid them two for one. Then I suspended operations. I still own the patents and am the sole stockholder. No one was defrauded there.

Lewis' recollection of this affair after eleven years, while substantially correct, is not quite accurate in detail. The original memorandum of agreement between himself and his two associates bears date of November 10, 1899, some eleven months after the Winner was established. Lewis' partners were W. T. Davis and C. George Krogness, friends whose acquaintance had been formed by him while soliciting advertisements for the Winner. The original document recites that for the sum of one thousand dollars Lewis, "as owner of the invention known as the addressing machine which he is now perfecting," sells a half interest in any patents he may procure. He also agrees to give as a bonus eleven hundred lines of advertising space in the Winner.

The Lewis Addressing Machine Company was formally incorporated and the first shares issued in May of 1900. Patents were secured in Canada, England, France and Germany, as well as in the United States. The cost for this item alone was nearly a thousand dollars. The first model was built by Rudolph Goeb (an expert mechanic of whom we shall hear again, then in the employ of Munn & Co. of St. Louis), during the last three months of the year 1900. The machine was remodeled by Goeb after Lewis' suggestions between the months of April and November, 1901. Various mechanical difficulties and the fact that Lewis' time was taken up by other interests, then led him to suspend further operations. The resignation of his associates as directors in the enterprise were received in November, 1901. His note for three thousand dollars in their favor in full payment for their interest, bears date of December 4, that year. The cancelled vouchers still remain in Lewis' file as evidence of his good faith. Lewis' first promotion thus netted his associates three-fold their original investment in addition to a bonus of advertising space, which was itself worth one thousand dollars, the face value of the investment. As Lewis says, "No one was defrauded there," unless it was himself.

Lewis later made over the stock of the Lewis Addressing Machine Company to the Development and Investment Company. A new model was then perfected and a final patent was issued to Rudolph W. Goeb in behalf of that concern as late as January 25, 1910. In March of 1905 certain postoffice inspectors, finding this stock among

the assets of the Development and Investment Company, submitted to Lewis a list of fourteen questions, in reply to which he stated in substance the above facts. He added that several of the machines had been built and put in use and that, at one time, negotiations for the sale of the patents were almost closed with the manufacturers of the linotype. The project, he said, was being held back until he could build the machines on a large scale and place them on the market. The stock was being carried on the books of the Development and Investment Company as of unknown value, an asset in suspense. The clever inspectors upon these facts, which they report in substance as being true, recommended that a fraud order be issued against the company upon the grounds that the machine and its company *might* be revived and *might* then be used to obtain money fraudulently. These are their words:

This machine was invented by Lewis, its purpose being the printing of addresses on newspaper wrappers. Patents were secured, and C. George Krogness, of the San Francisco Examiner, and W. T. Davis, of the Kansas City (Mo.) Star, purchased an interest. The machines were not a success, and the company died for that reason. Lewis states that he repurchased the interests of the two gentlemen mentioned and the stock found its way into the assets of the Development and Investment Company, where it now rests. The machine was not practical, and the stock has no money value. Mr. Lewis states that the whole proposition is in abeyance and that the mails are not now used in furthering the sale of stock. We hold the proposition to be a scheme devised for fraudulent purposes and would not hesitate to recommend that a fraud order be issued, if there was evidence that the mails were now being used. Inasmuch as it is held in abeyance, its reappearance is liable at any time so long as Mr. Lewis enjoys the second-class privilege for the Woman's Magazine and the Woman's Farm Journal. It is included in the assets of the Development and Investment Company, another fraudulent concern, and for that reason, that company still being in active operation, we recommend that E. G. Lewis and the Lewis Addressing Machine Company be cited to show cause why a fraud order should not be issued.

Upon what theory the inspectors held that this was a scheme "devised for fraudulent purposes" it is difficult to imagine.

THE ALLEN STEAM TRAP COMPANY.

The next device to be called to Lewis' attention was the Allen steam trap, as to which he makes the following statement:

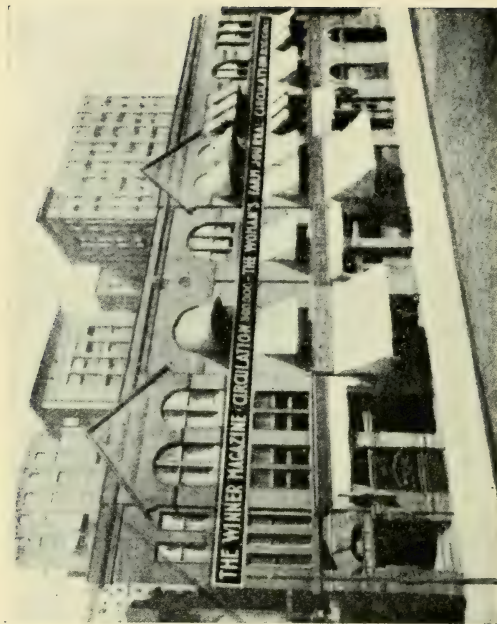
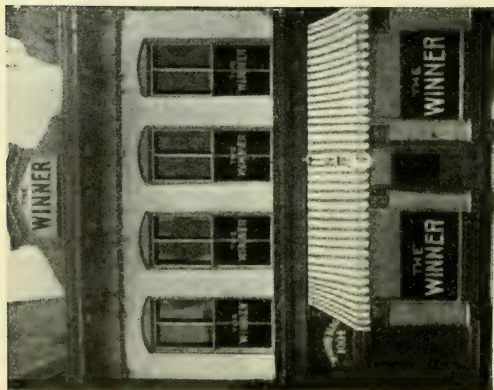
This was a mechanical device for saving coal in connection with a steam engine. Mr. N. A. McMillan, now president of the St. Louis Union Trust Company, was an intimate friend of mine. He extended a large banking credit to me and also gave me personal credit. He was always my last resource. When I had borrowed all the money I could from the banks to carry out some exceptionally large deal or enterprise, I could always get an extra sum from Mr. McMillan.

He called me into the bank one day and told me of a little patent, the Allen steam trap, which the inventor had brought to his attention. He told me if I would look at it, and if I thought it good, that he would join me in a company to develop and put it on the market. He suggested that we each put a couple of thousand dollars into it, grubstake the inventor and try it out. We did this and carried it along to a certain point. We then decided there was nothing in it to warrant giving it further attention or money. We, therefore, both pocketed our losses and forgot it. Mr. McMillan, the inventor, and myself were the only ones interested in that.



Mrs. and Mrs. Lewis in 1902, during the early years of housekeeping in the Euclid Avenue residence, St. Louis. Lewis at this time was publisher of the Winner Magazine





Early quarters of the Winner Magazine, down town in St. Louis

14" The Winner Building." This was the third office occupied by the *W* inner (afterwards, the *Woman's Magazine*), and the *Woman's Farm Journal*, during 1902 and 1903. Lewis removed his publishing business from these quarters to the present location at University City shortly after the Lewis Publishing Company was incorporated in 1903. 20Office of the Winner during 1901

Rudolph Goeb, the mechanical expert employed by Lewis, as foreman of his experimental plant, states that work on this device was conducted before the organization of the Development and Investment Company and that it was abandoned and the effects of the company stored in his custody in the fall of 1902. The reason stated by Lewis to Goeb at that time was that the competition of similar devices was such that the company had no prospect of more than a ten per cent profit, which margin would not warrant further financial risk. A patent on the steam trap was granted to the inventor, Benjamin F. Allen, on September 27, 1902.

Meantime, Lewis had become interested in the adaptation of the principle of his patent for vending machines to the control of telephone instruments as a device for measured service. This was on the same principle as the coin-in-the-slot-pay-instrument, the use of which is now so nearly universal. The first model for this device on lines of Lewis' own invention was perfected by Goeb during the spring of 1901. During the month of April Lewis privately, as an individual, retained Goeb to devote his entire time to the perfection of the addressing machine and telephone controller, apportioning the expense between the two companies as best he could. He thus had in the spring of 1901 three separate mechanical devices; a steam trap, an addressing machine and a telephone controller, in process of development. A number of his friends and associates were interested with him financially. The expense incurred was already considerable and it was apparent that still more capital would soon be needed. From these facts sprang simply and naturally the Development and Investment Company, which was formed to take charge of and develop all these various devices.

During the year 1902, the brightest prospect of the Development and Investment Company appeared to be the patents of the telephone controller. The patents and processes for making fibre stoppers had also been acquired. Hence, Lewis' experimental plant in the newly rented workshop on the suburban railway track, was at this time engaged upon no fewer than four separate inventions. As the history of the development of these has only an indirect bearing upon the main current of this story, they will here be summarily disposed of. Work on the addressing machine and the steam trap was suspended, as we have seen, before the close of 1902. The telephone controller device then for a time held the centre of the stage.

THE CONTROLLER COMPANY OF AMERICA.

The Controller Company of America was organized in 1901 and its product first placed upon the market in 1902. It continued in operation and appeared to be on the eve of great success in the year 1905, when all at once Lewis' whole resources became absorbed with his controversy with the Government over the right to use the mails. The story of the coin-controlled telephone has been summarized by Lewis himself as follows:

The coin controller was a device for an automatic telephone machine which locked the receiver until you dropped in a nickel and returned the nickel if the connection was not made. The inception of this company was in 1902. Slot machines were then practically unknown. I was incessantly bothered by people coming into the building and using my telephone. One day the idea struck me that such persons might be made to contribute their share of the cost. As I studied over the matter, a simple device for locking the receiver so that you could not get connection until you dropped in a nickel, flashed into my mind. I worked this out, made one, and attached it to my phone. It collected quite a number of nickels the first day. So I then stepped over to the Union Trust Company to see Judge Medill, the president.

The Judge was a very wealthy man, but had the reputation of being very shrewd and a little bit "near," that is, conservative, in parting with his money. Mr. McMillan, who was then the cashier, asked me where I was going. I said I was going in to get the Judge to give me a couple of thousand dollars for something I had in my pocket. He laughed and said, "Show it to me when you come out." I said I would. Judge Medill was taken with the device and asked me what I was going to do with it. I told him I was going to take out a patent and sell it to the telephone companies, or else attach it to the telephones and go shares with them. He agreed to go in with me, took out his checkbook and wrote a check on the spot for, I think, two thousand dollars. I know that I called Mr. McMillan's attention to it as I came out.

I then went to my patent attorneys and made application for the patent. It developed into a very effective device. We decided that we had a pretty good thing. A great many of Judge Medill's friends among the bankers and business men decided to come in with us, so we capitalized a company for two hundred thousand dollars. Its stock was immediately taken by the wealthy men of St. Louis. Nobody came in that could not afford to take what he did purely as a speculation.

We employed the best electrical and mechanical experts and they evolved what was the predecessor of the modern pay station. The difference was this: The only pay station they had at that time was either one where you dropped in a nickel, then pulled a handle which rang a bell to attract the operator's attention, or another patent to conflict with ours, such that you dropped a nickel and the operator told you to hang up the phone until she formed the necessary connection. Even then she would have to hold the phone until she found out whether you got the person you wanted to talk to. The device that was evolved out of my patent was such that, when you dropped the nickel and central plugged in, the return current, if the line was busy, would automatically throw out your nickel. That saved so much time for the operator that she could handle forty or fifty calls with these machines while she could only handle one with any other.

The telephone companies commenced to take interest in the matter. We corresponded with one, the Maryland Telephone Company of Baltimore and finally struck a deal with them, whereby we deposited twenty-five thousand dollars and acquired the exclusive pay station rights of that company. We then equipped the city of Baltimore with pay stations. When our controllers were cut in on the system, the telephone exchange promptly went out of operation. There was some difficulty with return currents. Some electrical problem still had to be solved. Meantime, other cities were bidding for it and one of the most prominent stockholders, I think Mr. Forman, of the Fourth National Bank of St. Louis, secured an option for us on the pay station rights on the whole city of Brooklyn.

It looked like a very paying proposition. But it was going to take a great deal of money, because whenever we made a contract we had to equip a whole city with pay stations. Eventually we were to get a percentage of the revenue, which we figured out would give us a very profitable monop-

oly. Some dissension arose among the stockholders. Some were for increasing the capital to a very large amount, sufficient to equip all the cities which wanted contracts. Others would not vote for increase. The corporation split up. Practically nothing further was done. I do not remember what the final wind-up was, except that as an officer I joined with one or two others and paid every bill we could find any record of. Almost all of the stockholders were very wealthy men, to whom the whole affair was merely an incident, but I went to a number of my personal friends whom I had induced to join and bought back their stock at one hundred cents on the dollar. I took the loss myself.

The following testimony of David Sommers before the Ashbrook Congressional Committee is of interest here:

I remember Mr. Lewis coming to me and representing that the automatic telephone controller pay-station device in which he was interested, was a good thing, in his opinion. He advised me to take stock in it. I took some eighteen thousand dollars or twenty thousand dollars of the stock. Later, when the plan did not work out as was expected, Mr. Lewis repaid me in full, with six per cent interest on my investment.

Only the Coin Controller Company of America, of all of Lewis' enterprises investigated by the inspectors, escaped the recommendation of a fraud order. As, therefore, it is not involved in the ensuing controversy, its further history may be omitted. It will be sufficient to say that a concern under the style of the Coin Controller Company was incorporated under the laws of Missouri on January 18, 1901, with a capital stock of twelve thousand dollars. The ownership was distributed among Lewis' personal friends and business associates, including Kramer and Judge Medill. The dealings in this stock were confined to fourteen individuals, all told. Later, on April 12, 1902, a new incorporation was formed under the style of the Controller Company of America with a capital stock of one hundred and fifty thousand dollars. This was increased in May of 1903 to two hundred thousand dollars. The board of directors at this period included Messrs. Forman, Shepley, Edwards, John A. Lewis, McMillan and Hill—all bankers prominently identified with four of the principal banking institutions of St. Louis—and a number of other well-to-do business men. The prospects of the concern were thought by its directors to be exceptionally bright, but the attention of Lewis was distracted by his troubles with the Government and the company was soon afterwards disbanded.

THE UNITED STATES FIBRE STOPPER COMPANY.

Early in the spring of 1902, Lewis was approached by a young man named Mason, who represented himself as authorized to obtain capital for a meritorious invention. At Mason's request, in May of that year, Lewis accompanied him to the inventor's workshop in a dingy little room behind a plumber's shop in St. Louis. In these queer quarters he was shown the first model of a machine, which is illustrated in these pages, for manufacturing fibre stoppers. Lewis was strongly attracted by what seemed to him the great possibilities of this invention. He at once proceeded to negotiate a contract with J. H. Rivers, the inventor.

The machine has since been perfected and gives promise of ultimate fulfillment of Lewis' most sanguine expectations. It is an invention for the production of bottle stoppers from felted wood-pulp fibre. These are adapted for all purposes for which the ordinary bark corks or rubber stoppers are now employed. They also have other properties peculiar to themselves. The story of this device was entertainingly sketched by Lewis for the Ashbrook Hearings in the account we now give in his own words:

The United States Fibre Stopper Company is a company for making artificial corks for bottles. It has promise of a wide field of usefulness. As to this company I will say that it is a favorite child of mine. I have always been very fond of mechanics. I have taken out several hundred patents in various countries, and on some of them, different to most inventors, I have made money; yes, considerable money. I am very fond of my mechanical paraphernalia.

LEWIS AND THE INVENTOR.

The United States Fibre Stopper Company came into being in this way: Somebody came to me one day, along in 1901 or 1902 and said, "Lewis, there is a fellow working in the back end of a plumber's shop downtown who has been working for several years on an idea, which I believe is one of the biggest things in America." I said, "All right; I'll go and see him." I went, and found the man working by the light of a candle, at night, on a process and machine for making stoppers out of ground wood-pulp, out of waste paper, in fact. It struck me it might be a valuable adjunct to my publishing enterprise—we had a great deal of waste paper which is nearly all wood-pulp. I went into the matter and offered to help the inventor. He had come to a point where it looked to me as if he really had something useful. So I took him under my wing. I said: "Here, I'll tell you what I will do with you. I will rent a plant and equip it with machinery and put you in. I will get a first-class chemist to help you. If you need a first-class machinist, you shall have him, too. I will pay the bills. You can go to work night and day until you get it perfected. Then let me see it. I will expect some results within a reasonable time, because I am going to give you every facility."

This I did. I had already rented a two-story workshop on the Suburban tracks, near Kingshighway. I equipped this place with all the machinery that he said he wanted. I furnished a mechanical laboratory; employed an expert mechanic; engaged the services of a chemist and set them all to work. They worked along some time, but the machine did not get perfected. I finally became convinced that the inventor had fallen into a rut. He had thought of the idea, but he fell down every time on the process for perfecting it. Then he was not capable of getting up and taking a fresh start. He did not go at it from a new angle. He would start at the same place where he had fallen. So, I went to him and said: "I am getting tired of this. I will give you so much a week, provided you keep out of the shop. Then I will get the best machinists and chemists I can get in the United States, and we will see what they can do."

PROBLEMS OF MANUFACTURE.

Not only was the machine to be constructed, but there were structural problems connected with the cork itself. The wood-pulp had to be felted, not simply compressed. If you compressed it, it got as hard as a stone, with no resiliency. The ground pulp, to be properly felted, had to be made about the consistency of milk, which is ninety per cent water. I refer to country milk from the cow. The water then had to be drawn out of that felted stopper. If you drew it from the top and bottom there was vertical cleavage after a time, and it came apart. If you drew the water from the sides, the cleavage was longitudinal. Sometimes, after the cork



The four living sons of the Reverend William H. and Catherine C. Lewis ¹George B., born 1887; ²Edward C., born 1870; ³John W., born 1873; ⁴Robert E., born 1866

George and John have been associated with the Lewis enterprises. Robert is connected with The Whiting Company, well known silversmiths



Lewis' favorite photograph of Mrs. Lewis, taken by Kajiware, celebrated art photographer of St. Louis

had dried, it split lengthwise, and particularly if you put a corkscrew into it. They did not at first seem to be able to overcome the difficulty.

I had already inquired around for one of the best mechanical experts in the country and I had engaged a young man named Goeb—he calls himself Gabe—whose training had been making astronomical instruments. He is one of those careful mechanists who take twice as long to put a thing together as others do. But when it is done it will work.

Then I retained Dr. Gudeman, head chemist of the Glucose Trust in Chicago, and handed him several thousand dollars with which to experiment. I also engaged Prof. Caspari and did the same with him. We worked along for a year, until finally they brought the corks to me, saying, "We have perfected the process and perfected the machine."

I submitted the corks in the form of discs used with crown tin caps for bottling, to the Anheuser-Busch Brewing Company and they bottled a lot of their goods with our corks, and subjected them to a very severe test. They were very glad to have promise of an artificial cork, because the holes in a bark cork are full of tannin and dirt. If you bottle beer with a bark cork, in a short time the tannin dissolves, and puts a blue streak through the beer. Then a large proportion of bark corks are porous through and through. If you cork any carbonated liquid with them, in a short time it will become flat, because most bark corks leak.

MARKET FOR THE FIBRE STOPPER.

If this artificial cork was what we had reason to believe, it was one of the largest monopolies in the world. To give some conception of what it means, I will say that in Baltimore is the Crown Seal Company, which has made millions of dollars on the little metal cap that goes on the top of the beer bottle. Inside that cap is a thin layer of cork. A considerable percentage of these caps leak and have to be rebottled, while under our process the metal caps absolutely seal the bottle permanently.

I submitted the stoppers to the Anheuser-Busch Company and they wrote me a letter, after an exhaustive series of tests, stating that was the very thing they had been looking for, and commending it in the highest terms. I submitted it to the great chemical houses and bottling houses throughout the United States and received everywhere reports commending it. One of the features of it was that it solved the problem of the non-refillable bottle. We could make the cork any size, shape or color and put the name and trade mark on it without additional cost. When a corkscrew was put into it this trademark would be destroyed. The bottle could not then be refilled without detection.

It was about this time that it became known throughout the world that the world's supply of cork bark was being exhausted. They had stripped the cork trees of Spain to such an extent, that each year the grade which had formerly been second was advanced to first grade. It is now almost impossible to get good cork. This new process of ours, if it was right, and successful, gave us the world's monopoly of corks. Moreover, our stoppers could be produced at about one-tenth the cost of bark corks.

A MILLION-DOLLAR COMPANY.

It looked pretty good to me. I had spent a great deal of money developing it. But I was satisfied from the reports that we had succeeded in perfecting it. So at last we incorporated it for a million dollars. This was in 1903. I had it patented all over the world except in Scandinavia and Russia. I took patents in Mexico, Canada, the United States, France, England, Germany, and I believe Australia—almost the entire world—the patents running from ten to twelve up to sixty, even eighty, years in some countries. Our patents were the pioneer patents throughout the world. I came across only one other patent of the same nature. That was the Holmes patent in the United States, which was an attempt to do the same thing, but had never succeeded. I purchased it for twenty-seven thousand dollars, in order to get it out of the way.

One of the justifications for incorporating it for the large sum of a million dollars, was the fact that we were already in successful negotiations with large concerns in foreign countries for the sale of the foreign rights. My idea was not to go into the sale of the corks ourselves under these patents; but to lease the rights in the different countries of Europe and America for a sum down and a royalty of half a cent, to a cent, per gross for all corks manufactured under the process. We had practically closed the negotiations to all intents and purposes in Germany and England. The representative of the German firm had traveled as far as New York to see us. One proposal from a big paper house had got down to a figure of a quarter of a million dollars for the German rights in Germany, cash, and a royalty of half a cent a gross. The German patents are guaranteed by the German Government. You do not have to fight for your patent there. Once it is granted, the German Government protects it and guarantees it. The deal for England, as I remember, was for half a million dollars, and the question in dispute was whether the contract should include the British colonies.

MARKETING THE STOCK.

The company was already incorporated. We had sold about one hundred thousand dollars of stock at par and two hundred thousand dollars of it had gone to the inventor. The price soon went up to double, that is, two dollars for a dollar share, because bids for it were coming in from the cork manufacturing companies. The great bulk of stock was, in fact, purchased by cork concerns, and users of corks. I was president of the company. I wanted to sell this stock to develop various details of the processes, to make the model machines, and to send proper people over to Europe for the sale of the foreign rights.

About that time we suddenly found out that we had not perfected the cork after all. A further mechanical problem had arisen in the structure of the cork. We found this out after we had sold the one hundred thousand dollars of stock mentioned. This was eight or nine years ago.

Nobody knew about this mechanical defect except myself and the machinist. As soon as I found that out, I immediately stopped the sale of the stock. I did not, as I recollect, accept about fifty or seventy-five thousand dollars that had been sent in for stock. I refused to sell any more. Then I began to purchase back the stock I had sold. I have purchased back all, I believe, but about twenty thousand dollars. I don't think there is more outstanding than that. In some cases, when I tried to purchase back and explained the circumstances, the purchasers said they did not care to sell. They asked if I was going to develop it. I said yes, and they said, "That is all right, then we will stay in." I paid back the same price at which I had sold. In the last year or two I have not been able to buy back, because I have had no money to do so. The inventor had received, I think, one-fifth of the stock for his rights and interests in it. That stock of the inventor is what has been peddled around and is somewhat in evidence in this controversy. I have not sold, nor has anyone connected with me sold, with my knowledge, in recent years, any of this stock. None that I held myself has been sold in these last seven or eight years; and during that time I have purchased back at least one hundred thousand dollars' worth.

I do not think that we stated in our magazine that we had sold the patent rights for England for five hundred thousand dollars. I am not certain. That can be seen. But if it was a bald statement that we had already sold them, I had every reason to believe that we had sold them, as the negotiations were closed. The man who came out about the English deal—or it may have been the German one—was already at New York and wired me. I wired him back and told him what had occurred and then wrote and told him the situation, that I did not feel justified in making the deal and that he could call it off for the present, be-

cause there was only one thing to do now, and that was to go at it again and see if we could not perfect it.

QUALITIES OF THE FIBRE STOPPER.

The defect we discovered was in the mechanical structure of the cork. After a time all the corks developed a flaw. We wished to correct this. This was seven years ago. It is now corrected and we have perfect fibre stoppers. The trouble was in the felting of the pulp wood or fibre. The action in felting is peculiar. It is comparatively simple in making paper, because this is not solid, but a thin, flat sheet, easily dried by running under pressure through hot rollers. In the stopper, it is a mass and must be felted and dried in such a way that it will not split and will not lose its resiliency. If you take one of these finished stoppers and throw it on the floor it will bounce five feet or more. This was the problem, to preserve the resiliency and give it strength. One of these corks has six hundred times the strength of a bark cork.

When the defect was developed I was so firmly convinced that we had one of the best things in the industrial world if it could be perfected, that I immediately doubled the force at work, got another chemist and then another and a third. I got other expert mechanics. We went to work on that thing and have worked at it without intermission, all these years, to within the last few months, in all eight years. In my judgment it is not only now perfected, but if I could save the cork company from the wreck of the Siege of University City, I believe I could sell all those rights for enough to re-establish all our enterprises again, and pay off our indebtedness.

I will say, in conclusion, that when we moved out to the country at University City, I erected there a large new plant, in a building one hundred and seventy-five feet by one hundred and twenty-five feet, three stories high; and equipped it with the most modern machinery and a fine chemical laboratory. This work has gone on there uninterruptedly up to a few months ago, up to the first part of this year, 1911.

Rivers and his friends had incorporated under the style, the American Fibre Stopper Company. For convenience of transfer Lewis had new articles of association drawn up, under the title, The United States Fibre Stopper Company, under the laws of South Dakota. Prior to this, in order to provide working capital, Lewis effected on September 24, 1902, the sale of three one-hundredths of the stock of the original company for three thousand dollars. The purchaser was H. A. Swanson, a heavy advertiser in the Winner and Woman's Magazine from the beginning, and afterwards one of Lewis' staunch backers. A similar interest was sold to N. A. McMillan of the St. Louis Union Trust Company. The new charter was granted in December, 1902. The executive board of the American Fibre Stopper Company held its last meeting on December 31, 1902, and Rivers was authorized to assign his patents and inventions to the United States Fibre Company, then in process of formation.

THE FIRST STOCK PUT ON THE MARKET.

In February, 1903, an arrangement was effected with the Germania Trust Company of St. Louis to act as fiscal agent in the issue and transfer of stock. Instructions were given them to issue the entire stock to the Development and Investment Company, with the exception of eighty thousand dollars worth each to Swanson

and McMillan, and ninety thousand dollars each to Lewis, who was president, and Cabot, his associate, who was secretary.

The following transaction was then carried out. The trust company was instructed to issue and then to cancel one certificate of stock of par value of one hundred and fifty thousand dollars and to reissue that amount of stock on receipt of subscriptions accompanied by cash. The cash was to be paid as follows: ten per cent to the treasury of the company; ten per cent to the trust company, for acting as agent; the remainder, eighty per cent, to be credited to the account of the Development and Investment Company as sales agent and promoter. The one hundred and fifty thousand dollars' worth of stock was then placed on the market at par.

Advertisements were inserted in the *Woman's Magazine* and *Farm Journal* and a considerable amount was subscribed by Lewis' readers. Large subscriptions were also received from persons interested in the cork industry and persons using corks. In all, over one hundred thousand dollars was realized. Eighty per cent of the sums received by the Development and Investment Company on these sales of stock were available as gross earnings to cover the cost of sale and the expense of promotion and development. The surplus over this expense, if any, was available for the payment of interest upon secured indebtedness of the Development Company. Any balance could be applied for distribution to stockholders. It can thus be seen how the Development and Investment Company was able to pay dividends.

Rivers was first installed in the experimental plant of the Development and Investment Company in July, 1902. He brought along from his former workshop the parts of two complete machines, of which the first was never assembled and the second was merely a model for experimental purposes. This obviously required to be rebuilt to turn out a commercial product. Rivers was sanguine that he could reconstruct this model within thirty days, and definitely agreed to do so. When his device was subjected to the tests of the experienced mechanics and chemists employed by Lewis, difficulties developed. The machine was not completely rebuilt until October 10, 1903. Two months more were spent in further experimental work and changes. Rivers then invited the directors to witness a demonstration of the machines in December, 1903. This was the basis of a glowing announcement by Lewis of the success of the invention, in the annual statement of the Development and Investment Company for that year. But, notwithstanding this apparent success, it seems that Lewis was again misled by the inventor's statements. The device was not yet perfect. Further tests developed the failure of Rivers' second model to turn out a marketable product.

Rivers was then dismissed, with his present of stock, and the problem was given over to Goeb, a practical mechanic, by whom additional years of experiment were necessary to develop a thoroughly practical machine. But Lewis had in the meantime with his usual

optimism, recommended to readers and friends the purchase of the stock at par. Sales were made. Large quantities had been taken. Negotiations were pending for the sale of patent rights in foreign countries. Lewis even went so far as to announce in advertisements in his publications, the actual sale of the English rights for a lump sum of half a million dollars, with future royalties of half a cent a gross of corks.

The deal, however, did not go through. This was said to be on account of the sudden discovery of a further flaw, on which Lewis himself stopped the negotiations, though he asserts that the minds of the negotiators had met and that all the terms of the future arrangements had been agreed upon. It was upon this tentative arrangement that Lewis based the representations which effected sales at one hundred per cent premium.

Lewis was well aware that the United States Fibre Stopper Company stock was at this time a speculative proposition. Legally, the offering of this speculative stock at public sale through the Development and Investment Company was clearly permissible. Whether, from an ethical standpoint, Lewis, without plainly pointing out its nature, ought to have recommended its purchase to his readers, or even permitted the appearance of advertisements of it in his publications, is a question affecting his good faith, upon which opinions differ.

The idea was good. The machines were being made. There was undoubtedly a profitable market for the proposed product. Lewis' error lay in his acceptance of the representations of Rivers' without a more thorough investigation than he evidently gave. As the sequel has shown, he was misled from the outset, both as to the status of the invention and as to the ability of the inventor to cope successfully with the mechanical and chemical problems involved. Such difficulties are, however, inherent in most good inventions.

Both the impulsive recommendation and consequent sale of this stock were made on Rivers' unverified promise and Lewis' anticipatory representations as to the sale of English rights, before contracts were actually in his hands. These are examples of Lewis' overwhelming optimism, his audacious and even reckless disposition to venture any risk, his supreme confidence of his ability to make good in the end. Such recklessness in a business man is absolutely unjustifiable. Lewis is deserving of unsparing criticism here. He stands blameworthy of all that has been meted out to him for both of these proceedings.

THE QUESTION OF GOOD FAITH.

Nevertheless, evidences, not of fraud, but rather of boyish good faith abound at every stage. He had confidence in Rivers, and believed that the inventor would make good. He believed that the English capitalists would sign the contract, embodying the terms which they had accepted. Above all, he had absolute confidence in his own ability to carry the project through to a successful issue,

and to realize in the end all his own and the stockholder's hopes. And he still has this confidence.

Lewis, moreover, when pressed as to whether such conduct was right, falls back on his absolute guarantee to subscribers against all loss through the patronage of the advertising in his publications. He maintains that the appearance of an advertisement in the *Woman's Magazine*, and especially that of one of his own enterprises, was equivalent to his personal endorsement. He has many times paid back losses to others. He considered himself, individually, and the *Woman's Magazine* as a company, bound to make good any losses thus sustained, the same as they would be bound by their endorsement on commercial paper. Lewis thus takes the ground that the purchase of stock of the United States Fibre Stopper Company in its early stages was safeguarded against the usual risks of speculation, by his own ability to back his representations and, if necessary, to relieve the purchasers of their investments.

No attempt is here made to justify this line of argument. Laws of ethics or rules of business or common-sense may make Lewis seem quite wrong. But, that he acted in good faith and in the belief that he was fully justified, no one who is fully cognizant of the facts of his career will question. This instance is characteristic of the worst phase of Lewis' type of temperament; namely, a tendency to recklessness in overstatements, to extravagant optimism and to adventurous disregard of caution. His subsequent conduct, however, is equally characteristic of the best phase of his character. For, as he testified, he immediately, upon the final break with Rivers, withdrew all further stock of the United States Fibre Stopper Company from the market. He notified the investors of the difficulties that had arisen, and undertook in case they so desired, to relieve them of their investments. He made good, in other words, both his express and his implied guarantees.

Apart from his lack of caution in properly testing Rivers' invention, and his over-hasty representations to the public, especially in the case of the English negotiations, Lewis' judgment upon this fibre stopper invention appears to have been thoroughly sound, and his mode of handling the whole affair, skillful and practical.

The employment of a reputable trust company as fiscal agents insured the proper handling and registration of the securities. The experimental plant of the Development and Investment Company was well equipped and well organized. It proceeded under Lewis' instructions to operate intelligently and in good faith with sole regard to the perfection of the process. The delicate and costly task of securing the necessary patents received due attention. The negotiations for the sale of the foreign rights were of such a nature as would have been extremely advantageous to the company had the representations of the inventor been true and his expectations realized. The whole affair is typical of the best and the worst that

can be alleged of Lewis as a promoter of mechanical inventions and processes.

THE FIBRE STOPPER UNDER THE PROBE.

The Congressional Investigating Committee, on the occasion of its hearings in St. Louis in November of 1911 made a tour of inspection of University City. It afterwards called as a witness the expert mechanic Goeb, employed by Lewis on these inventions. The following digest of the testimony of this expert, and the statement of Congressman Redfield as to his personal inspection of this plant are of high interest as bearing upon the question of Lewis' good faith. Mr. Goeb said:

I was first employed by Mr. Lewis in 1901, to make three addressing machines. I was then in the employ of another firm, Messrs. Munn & Co. I was shortly after employed regularly by Mr. Lewis for experimental work and getting up new mechanical machines and perfecting his ideas.

I first began work on the Fibre Stopper Company in conjunction with Mr. Rivers, the original inventor, in 1902. Mr. Rivers was then let out and I had full charge after October, 1903. The shop was situated then at 4961 Suburban Railroad Track. It was specially fitted for perfecting the cork machines. We vacated those premises on August 1, 1909, and moved to University City on December 1, 1909.

The original inventor, Mr. Rivers, I found, had made five or six different attempts to perfect the manufacturing system for producing the cork. He finally got to the place that proved it a complete failure. This was in December, 1903. He had announced his complete success to Mr. Lewis, but then developed complete failure in mechanical construction. I took command of that work on the first of January, 1904.

During the seven years I have had complete charge of it, several expert chemists were employed. I was also assisted by machinists and expert draughtsmen. I was supplied with every facility for perfecting that machine. At times I was obstructed by funds getting short. But the instructions were to spare no pains and efforts within the limits of our funds and our capacity to perfect the machine. For seven years I have been engaged practically constantly on that work.

The mechanical work went on along with the chemical experiments. Mr. Haywood was at one time general manager. He got Dr. Caspari, the head of a medical college or school of pharmacy in St. Louis, to work up chemical formulæ. Caspari produced a form of treatment which was endorsed by the Anheuser-Busch Brewing Association as a result of tests made with the assistance of their chemists.

After I had fulfilled my duty as a mechanic, in aiding to perfect the machine, Mr. Lewis made me the promise that he would give me fifty thousand dollars of his own stock, to show his appreciation of what I had done, whenever the machine was perfected. I finally announced to him that the machine was mechanically perfect, and he gave me fifty thousand dollars of the company's stock. The machine is now, so far as practical purposes are concerned, perfect. There were three different types since the first so-called perfected machine. The last machine embodies still other features, including what we call the Turret. This Turret machine is practically perfect.

For material, lathes, supplies and labor, we have expended, perhaps, an average of five hundred dollars a week, sometimes more, sometimes less. On one machine, Mr. Rivers, the inventor, with a mechanical engineer as his assistant and ten mechanics, were at work for almost a year. At that time I estimated he had spent about twelve thousand dollars. There has been expended, I should judge, outside the investment in the building, about five hundred dollars a week for some four hundred and sixteen weeks, or over

two hundred thousand dollars, in perfecting cork machines, since the stock was withdrawn from sale.

Congressman Redfield, of the Ashbrook Committee, here interposed his testimony as to the plant from a personal visit, as follows:

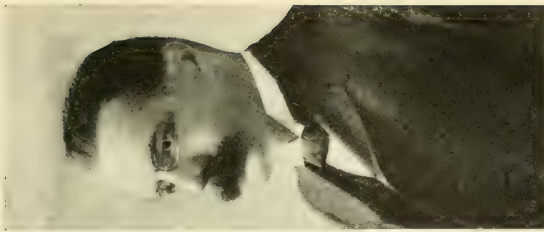
I think it is proper, on this particular subject, for me to put upon record in a very few words what I found myself in an examination over the floor of this building, to be the facts. I ought, perhaps, to preface it by saying that I am familiar with the construction of factories as they stand in at least the Eastern and Central States of this Union, having visited many hundreds of them. I have built them myself. I have represented them, have owned them, of several kinds, and have examined factories in every one of the larger countries of Europe.

I have never seen a more perfect, well-balanced, carefully designed and constructed building than this plant which we were shown yesterday. The building is not only brick, as many are, but it has concrete columns and cellar, concrete floors and a concrete roof. It has exceptionally fine light, and is of a thoroughly solid character. The equipment is in many respects of a peculiarly high grade. The elevators and some of the machinery show that great care has been used to get that which was of permanent value. It is not explicable on any other basis, for they could be had to do the work at much less cost. The building is not equipped for making heavy machinery, but for the work of light machinery it is very nearly if not quite as good a plant as I have ever seen. The plant is entirely self-contained. It is equipped for designing, for experimenting, for making its own machinery, and for operating that machinery when it is made. I do not know who the person was who designed that plant. I have not met him. I have no knowledge of him. But, whoever he was, he understands his business. I am very glad to make a record of the value of and the kind of work put into that plant.

The subject of the practical value of companies based upon patent rights in mechanical devices, in so far as it affects Lewis' good faith, may be brought to a close by the testimony of F. R. Still, an associate of Congressman Redfield in his business enterprises. Mr. Still chanced to be passing through St. Louis while the Congressional Committee was in session and, quite by accident, attended one of the hearings. He was called by the committee at the suggestion of Mr. Redfield, as an expert to testify as to the normal and usual experience of companies engaged in the development of patented articles and processes. This is the substance of Mr. Still's examination:

I am one of the associates in business of Mr. Redfield, one of the committee. I did not know of his presence in St. Louis when I came to the city this morning. I missed connections. I am not acquainted with any of the parties to this action and never heard of the United States Fibre Stopper Company, nor met Mr. Britt or Mr. Madden.

My experience as a mechanical engineer and manufacturer has been as follows: Since 1886, I have been with the company I am with at present. I started as draftsman and am now one of the executive officers and have been for years. Hardly any action has been taken in the company but what has been more or less under my charge. I have had a great deal of experience in developing inventions—blowers, heaters, dry kilns, dust separators, exhaust fans, steam engines, boilers, drying equipment; and am brought into contact with almost every kind of manufacturing. Nearly everything we make is patented.



Group of Postmasters General of the United States

George von L. Meyer, 1907 to 1909 Robert J. Wynne, 1914 to 1915 Henry C. Payne, 1911 to 1914 George B. Cortelyou, 1905 to 1907



Third Assistant Postmaster General during the period of this story
 Arthur M. Travers, acting third assistant, July, 1909, to Dec. 1, 1910
 Dec. 1, 1910, to _____ J. L. Luteshe, Mar. 22, 1907, to July, 1909

Edwin C. Madden, July 1, 1899, to March 22, 1907 James J. Bratt,

We always have difficulty in developing patented processes. One case was a patented apparatus for drying bricks. A man named Alex Scott patented a process for conveying bricks to the kiln, setting them directly in, drying them and thus doing away with the dryer. We bought the patent from the firm in Columbus which owned it, and organized a company among ourselves and our employees. There was no stock in our own company for sale, and we thought this was an opportunity to interest our men. The president paid for the patents and we took over the company, some twenty men becoming owners.

We have now twelve plants working successfully on this device. But at first the system met with one difficulty after another. In burning bricks, (which is a science in itself), if the chief burner gets his back up or put out at all, one thing after another goes wrong. We drifted from one thing to another. We even purchased patents on a down-draft kiln. But, after serious knocks, about two years ago we decided to drop it. We offered to take back the stock. The Scott Kiln Company was wiped out. After six years of activity and the best knowledge we had, we concluded the thing was worthless. This was two years ago. A year later, a key to the difficulty was found. We bought another patent, something we didn't have before, and now the kiln is a success.

This is the history, in substance, of most of the great inventions. Nearly everything we ever had contact with caused us a great deal of grief, if not almost despair, before a successful conclusion had been reached. This has been the case, too, with the typewriter, and with the automobile. I am intimately connected with that. I know of no great invention which has not passed through that stage. I have never seen anything that was a success from the start.

MR. SLEMP: Wouldn't you like to buy some stock in the Fibre Stopper Company yourself? (Laughter.)

MR. AUSTIN: I was just going to suggest to Mr. Redfield and his secretary that they gobble up this concern while in St. Louis.

MR. STILL: I don't know anything about that brand.

MR. E. G. LEWIS: If you found a concern owning pioneer patents covering forty, perhaps eighty, additional processes, with patents in United States, Canada, Mexico, France, and other countries, for manufacturing out of wood pulp a substitute for bark corks equally good, at one-tenth the cost of production, would you consider the ownership of such a process and patents very valuable?

MR. STILL: It certainly sounds so.

MR. LEWIS: Would you consider five million dollars an excessive capital stock?

MR. STILL: I would not. I think it would be an easy matter to get the money if it had been demonstrated that it was a success. I want to see it tried once. After that it is merely a mechanical process.

MR. LEWIS: In other words, if one cork could be made, a million could, by duplicating the process and machines, and this would be satisfactory to demonstrate its value as at least five million dollars?

MR. STILL: Yes. I don't know whether I would put up that amount—with one cork. But I understand what you mean.

MR. AUSTIN: I should like to see you float five millions of dollars on one cork. (Laughter.)

MR. LEWIS: I mean the process having been demonstrated.

MR. STILL: If, as you say, the largest users of the product in the world pronounced this product superior to anything they had used before or at least equal to it, and said, "That is exactly what we have been looking for," I should consider that good evidence you had perfected the patent. I would go the limit on that.

MR. LEWIS: If, in the face of that you discovered a mechanical fault to be

overcome to make it really perfect, and you stopped the sale of stock, returned the money, purchased back stock sold, and then turned and spent another two hundred thousand dollars and over eight years in perfecting the invention, would you consider that a reasonable exhibition of good faith?

MR. STILL: It sounds to me as though that would be about all a man could do.

MR. REDFIELD: If a difficulty arose, not in the process, but in the physical nature of the material used, would that be a normal and usual difficulty?

MR. STILL: Yes; I have a case myself of a high-speed blower. It produced the high pressure we desired, but in course of time the metal of which the spider or wheel frame was made became fatigued by the speed. One after another broke down. We replaced the material with steel made at much higher temperature; and they withstood the strain. We had to work eighteen months on it. I would have spent two hundred thousand dollars on it if necessary. I would certainly regard two hundred thousand dollars spent on perfecting a process for making artificial corks as a very small sum in comparison with its value.

The story of the United States Fibre Stopper Company is by no means at an end. The machine produces artificial corks perfectly. It is now a matter of mechanical reproduction. Had Lewis' resources not been absorbed in the struggle with the Government in the years succeeding 1905, it is altogether probable that a complete equipment for the manufacture of fibre stoppers would have long since been installed in the company's plant at University City, and its products widely placed upon the market.

CHAPTER IX.

THE FOUNDING OF UNIVERSITY CITY.

THE CHOICE OF A SITE—THE GROWTH OF ST. LOUIS—UNIVERSITY HEIGHTS—SIX TIMES ONE ARE SIX—A CITY BEAUTIFUL—THE FIRST EIGHTY-FIVE ACRES—A MILLION DOLLAR CHECK—THE DEAL UNDER THE PROBE—LEWIS HOME AT UNIVERSITY CITY—MILLIONS IN OPTIONS.

University City was founded in the fall of 1902, four years before it was set apart by law as a separate municipality. This event was the beginning of a new era for Lewis and his enterprises, marking, as it does, his removal from the Winner building down town to his present location, now the heart of University City. The change in his surroundings was reflected in his conduct of affairs. He judged men and events from a loftier viewpoint. His activities rise to a higher general level. They assume a more elevated tone and dignified character. They embrace greater values, touch personages of higher economic and political rank, and acquire national rather than merely local significance.

THE CHOICE OF A SITE.

Lewis has sketched the history of the founding of University City in his promotion literature, and in the columns of the *Woman's Magazine*. He also told the story in full to the Ashbrook Congressional Committee. The following account is digested in his own words so as to present at one view, the process of reasoning which led him to pick out this particular location, and the sequence of events that followed. He says in substance:

While I was busy attending to the growth of the *Woman's Magazine*, I had clearly in my mind that St. Louis was going to be a big city, one of the first in the United States. Probably, no city in all the United States has a future more assured than St. Louis. It is situated on the great highway of the Nation, the Mississippi River. Its position is such as to hold the South, Southwest, and West as tributaries to its commerce. Its merchants' enterprises draw their business from an extent of country immense in size and fabulously rich. The city is known as one of the richest in the United States. Its wealth is spread in moderate fortunes among a great number of citizens, so that it has become a city of attractive homes. In no other city are there so many people able to build and own the beautiful homes in which they live. Yet, by reason of its situation, no other city of its size has so little space available left for fine dwellings.

Cities located on large rivers always develop their finest residence district away from the river, not along the river front. St. Louis is situated on a bend of the Mississippi, which is almost a horseshoe. The city occupies the space inside the bend. It has, therefore, been forced to build up and develop along the narrow tract leading away from the center of the bend. Its line of growth is thus necessarily toward the west. The finest residence section is naturally the West End, and only in this direction can more of these beautiful homes be built.

I saw that the city must increase. I knew that land values in the heart of the city must appreciate, that rentals must be raised. I realized that we would soon need larger quarters. We were then occupying the basement of some buildings down town, and the second and third floors of others wherever we could get the necessary rooms, as close together as possible. I saw that we should have to build or acquire a large plant somewhere in or near the city. I was the principal owner of this publishing company which was making a great deal of money. We were spending money freely, yet it looked as though we were going to make a great deal more. I concluded, therefore, that I would buy outright a suitable piece of property, establish a new plant and beautify the surroundings. I had some money of my own. Besides, Mrs. Lewis had some money. This credit of my own and my corporations, I thought, would be enough if properly managed to finance the whole scheme. I, therefore, began to cast about for a suitable location. I commenced to look over the city and suburbs of St. Louis very carefully. I made a careful study of the entire real estate situation.

THE GROWTH OF ST. LOUIS.

The growth of a city is from high ground to high ground, from hill to hill. The hollows fill up later. This has been the case in St. Louis. To the south are the manufactories and brick fields. To the north the land is not laid out for fine residences. Therefore, the natural development has been west, from hill to hill.

St. Louis has, in fact, developed in zones from height to height. Twenty years ago the high land from Twelfth to Eighteenth along Locust street was the fashionable residence district. These mansions are now offices or restaurants. The tide next rose to Twenty-fifth street, which is the next highest land west of Eighteenth. Even as recently as ten years ago this was the centre of fashionable homes. The next jump was to Grand Avenue, which is Thirty-sixth street. Then came the long stretch to Taylor, or Forty-fifth street. Eight years ago this was considered the extreme west limit of St. Louis. Two more jumps were taken to Kingshighway and Union Boulevard. The centre of this is now Lindell Boulevard, where are located all the great private streets and places, and the costly homes of the wealthiest people of St. Louis. After this came new buildings in vacant land until you come to the next height, some distance out, which is now called University Heights.

UNIVERSITY HEIGHTS.

After a very careful survey, my attention was attracted to the high land which lies along both sides of what is now known as Delmar Boulevard. This is the main artery of the West End of St. Louis, because it was formerly the old Bonhomme Road, the first French trail, which was the line of communication between St. Louis and the early settlers in the interior of the country. It is now a great east and west boulevard running through St. Louis straight west out into St. Louis county, right through the heart of University City. This location, on which the great octagon tower was put, had been the property of the Bonhomme Land Company. It was a vacant cow pasture which the owners had taken for a debt. My reasons for taking this tract of land enter into the whole proposition. The location was an ideal one for my purpose. Along one side is Forest Park, which had recently been selected as the location of the World's Fair Grounds. Next came the tract just then acquired by Washington University for its new buildings. This institution, the leading university in the neighborhood of St. Louis, had recently moved from its premises down town, and bought the land next Forest Park upon the west. Here they have since laid out college halls and quadrangles in the style of Oxford and Cambridge Universities. That fixes the environment, and gives the surrounding land a higher status as to residence value.

My tract is thus the centre of a complete little district in between Forest Park and Washington University on the south, and the far less demandable



Group of Postmasters of St. Louis
 1 Frank Wyman, 1903 to 1909 2 T. J. Atkins, 1909 to — 3 F. W. Baumhoff, 1898 to 1903



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Group of United States Senators prominently named by Lewis as unfriendly to his enterprises
Thomas C. Platt, Senator from New York; Joseph L. Bristow, Senator from Kansas, formerly fourth
assistant Postmaster General; Theodore E. Burton, Senator from Ohio

land on the north, like a cork in the neck of a bottle. Through this district the progress of the building of fine residences must tend, and the consequent pressure must force up prices to almost any level which the owners see fit to demand. This tract lay practically alongside of the University, hence the name University Heights. The land was the highest in the district, and was unoccupied. The only objection was that it was thought to be too far out. Nobody in St. Louis seemed to have any respect for the property at that time. In fact, when I commenced to buy they made a rush to sell. The real-estate men of St. Louis even went to the National Bank of Commerce at that time, and asked the bank to withdraw its credit from me, because I was starting a fictitious real-estate boom which in their opinion would not materialize for thirty years. I thought that my judgment was better than theirs, and the event has proved that it was.

SIX TIMES ONE ARE SIX.

I had a canvass made of all the vacant lots in the West End within the reasonable limits of possible growth for a fine residence section. I found in all there were only six thousand left. I then went to the building records, and found that those lots were being built up at the rate of about a thousand a year. The result would be that in about six years all the property intervening between the land I had in view, and the solidly built up portion in St. Louis, would be entirely occupied. There were six thousand vacant lots, and the people were building at the rate of one thousand houses a year. Every time I multiplied up those six times one thousand homes it made six thousand. I knew the intervening space would be covered in six years, not thirty. I knew that the new homes would have to be in what is now University Heights or out beyond it. Having these facts well in mind, I determined to go a good deal deeper into the scheme than I first proposed.

This tract of land lay along the main western road, just outside the city limits. The limits of St. Louis extend up to about Sixtieth street. Our tract would begin at Sixty-third. I found that I could not buy the corner lot which I wanted for the site of my publishing plant without acquiring the entire property. I, therefore, determined on buying that tract and a large amount of the adjacent property and that I would not only build up there a beautiful plant, but also surround it with high-class improvements. I would then make it a fine residence section and lay it out as a separate city from St. Louis.

A CITY BEAUTIFUL.

A location outside the city line had some advantages and some disadvantages. The tax rate was much lower. This was an important fact, in view of my calculation that I would have to carry my undeveloped property for at least six years. There is also greater freedom in laying out a tract not within city limits. On the other hand, the municipal improvements do not extend over the city line. One specially bad feature was the proximity of Delmar racetrack, which was then in full swing. The sporting element (which afterwards created conditions such that Governor Folk called out the militia and put the racetrack out of business), took advantage of their proximity to the city limits. They put up all sorts of gambling places and dives just over the line into the county. These were right at our front door. No doubt this was one of the reasons why the land could be bought so cheap.

I found, however, on looking up the matter, that there would be a remedy for these conditions in the incorporation of a new city. St. Louis is one of the two cities in the United States that is not in any county. There is a provision of the Missouri law that one city cannot be incorporated within two miles of any other city in any county. But St. Louis, not being in a county, the condition was such that if it ever became desirable to incorporate a new city just outside St. Louis, this could be done. This fact

seems to have been overlooked. No one else had thought about it. This tract was really more valuable than had been thought.

About this time I began to work out the idea of a model city which should be a real "City Beautiful." The thought I had in mind and that I was working on was this: Having acquired this property I would lay it out under one great engineering plan as the most beautiful residence section conceivable. When it had acquired enough population, I would incorporate it as a separate city. I would be the mayor. Then, having the municipal power, I could always protect it. If anybody should erect a soap factory, for instance, adjoining our residence section, on which we were spending enormous sums for improvements, we could condemn that property, or, if it was within three miles of the municipal centre we could make it a city park. For it is often the case with such a plan that somebody gets in the middle and tries to hold it up, hoping to be bought out. Then, if we could not deal with such obstructionists as interfering with our publishing plant, we could handle them as city officials.

The keen, far-seeing glance which Lewis thus shot into the very heart of the complex conditions destined to determine the real estate development of a great city, is among the most characteristic and representative acts of his entire career. A study of the real-estate map of St. Louis at the present time proves the soundness of his judgment. A glance at the views, shown elsewhere, of the residence property built up in what were then vacant fields between University Heights and St. Louis shows the accuracy with which Lewis had estimated the drift of events. In this connection he says:

When we went out there we were almost the sole inhabitants. I remember one other house out there; possibly there were two others. To the east of us were Park View and Washington Heights. These at that time were being graded. There were practically no houses in sight, perhaps a half dozen all told. As far as the eye could see was vacant land. There is on that same area today, I should judge, about fifteen hundred houses. It is the finest residence section in St. Louis.

THE FIRST EIGHTY-FIVE ACRES.

The manner in which this purchase was made was thus recounted by Wm. H. Lee, President of the Merchants-Laclede National Bank since its incorporation in 1885 before the Ashbrook Committee:

The Merchants-Laclede National Bank, with two of its directors, Mr. Paramore and Mr. Conzelmann, had each acquired one-third interest in a piece of land located in what is now University City, then owned by the Bonhomme Land Company. This is the plat on which the octagon building of the Woman's Magazine is situated. This land was taken for a debt on the part of the corporation known as the Bonhomme Land Company. The corporation had been sold out under a deed of trust. All the parties interested were given an opportunity to get in. It was finally bid in by these three interests. Then it was sold through two gentlemen, Messrs. Hoskins and Camp, to a Mr. Coakley, who it afterwards appeared was acting as agent for Mr. Lewis. The sale on behalf of the bank was made by Mr. Paramore with my consent and that of Mr. Conzelmann, and as I thought to Messrs. Hoskins and Camp. Two days afterwards these men came to my office and paid the bank ten thousand in cash. They also gave two notes, both made by Mr. Coakley. One was for one hundred and twenty thousand dollars, under date of October 6, 1902, due in five years and bearing interest at 5 per cent. The second was for forty thousand dollars, due in three years with interest at 8 per cent. The property was thus mortgaged for one hundred and sixty thousand dollars. It sold for one hundred and

seventy thousand dollars, of which ten thousand was paid in *cash. I have no knowledge of an amount of two hundred thousand dollars having been loaned. My knowledge extends only to the amount of one hundred and seventy thousand dollars.

The way the transaction was managed was this: The property at University City had been sold under the original deed of trust. The bank took the land for debt. This debt had to be paid off. The three parties to the transaction were the bank, Mr. Paramore, and Mr. Conzelmann. Each put up twenty thousand dollars, making sixty thousand dollars in all, to pay off the debt. Then new deeds of trust were made for the one hundred and twenty thousand dollars and forty thousand dollars of the purchase price. The deeds were owned jointly by all of us, one-third each. They were held by the owners who put up the sixty thousand dollars to clear the original title.

Lewis thus secured title to a piece of property which had recently been picked up by the owners for a debt of sixty thousand dollars. He assumed an obligation on it of two hundred thousand dollars, of which only ten thousand dollars appears to have actually changed hands. He then incorporated the same tract for a million dollars. This deal is an instance of Lewis' financial methods which has been severely criticized by many conservative people. Others deem it perhaps the most conspicuous instance of practical wisdom that he ever exhibited. Let us see what considerations are involved.

HOW THE UNIVERSITY HEIGHTS COMPANY WAS FORMED.

Even apart from the ethical question of Lewis' good faith, this transaction occupies a very central position in our story. This land was afterwards the principal security for certain loans of the People's United States Bank which were called in question. For all these reasons it is extremely important that the true nature of this series of transactions be clearly grasped. This is what Lewis has to say about it:

The purchase of the original tract of eighty-five acres led to the formation of a real-estate company. The two companies that figure in the narrative are therefore the University Heights Realty and Development Company, which held the real estate property, and the Development and Investment Company, which was the promoting and holding company for the real estate enterprise. The University Heights Company was chartered in October, 1902, with a capital of one million dollars, in order to provide a corporation through which to carry out the necessary improvements.

*Lewis testifies that the total sum paid Messrs. Hoskins and Camp was \$200,000. The part played by the Development and Investment Company in this transaction is witnessed by an agreement made on the 5th of August, 1902, between Messrs. Hoskins and Camp and that concern, whereby it agrees to purchase the 85-acre tract of land, immediately west of Delmar Garden, from them for the sum of \$200,000. Payment was to be made in the form of a mortgage for \$115,000 at 5% per annum. The balance was to be paid in the five-year certificates of the Development and Investment Company at the rate of 8% per annum on the sum of \$55,000, and 6% on the sum of \$30,000. A further bonus of \$15,000 in certificates was payable to the vendors in the event that the profits of the Development and Investment Company exceeded \$100,000 on the land. The equity in the land was pledged as security for the certificates.

The manner in which Coakley was employed in the transaction and the exact nature of the modifications made between this agreement and the deal finally carried into effect, is not entirely clear. But that Messrs. Hoskins and Camp deem the above agreement to have been carried into effect in substance, is witnessed by their endorsements upon the original document showing how their claim for an equity under this agreement has been adjusted from time to time.

The way in which it was done was this: I first borrowed two hundred thousand dollars to acquire the acreage. I then went to the National Bank of Commerce stating what I wanted to do. They loaned me, or gave me credit for, one million dollars. I had three or four other gentlemen join with me in making the notes, but it was practically a loan to me. They simply endorsed it as an accommodation. There was no compensation paid to them. The note was paid the same day, and the transaction closed. The men came out clear of obligation, released from their investment. The reason it is clear in my mind is that I found recently among some old papers that million-dollar check. I then incorporated the University Heights Realty and Development Company paying this million dollars into its capital. Nobody was interested in the transaction except ourselves. The law of Missouri did not require the payment of the capital stock in a corporation in cash, but in cash or equivalent value. There was not at the time any standard of the values of this land. The mere fact of our purchase and the severe restrictions that we put upon it, greatly enhanced its value. But still our attorneys advised us to comply with every technical point by buying for cash and paying the cash; which we did.

THE DIVISION AND SALE OF STOCK.

The authorized capital stock of the company was one million dollars, three hundred thousand dollars preferred and seven hundred thousand dollars common. The preferred stock was guaranteed six per cent interest. It was offered in the St. Louis newspapers with a description of the property, and a statement of what we were going to do, and of the fact that I held the bulk of the common stock. It was, one might say, a personal advertisement. This preferred stock was held in the treasury for sale, and about one hundred and twenty thousand dollars worth of it was sold at par to the local public. It was almost all taken up by wealthy men in St. Louis and St. Louis county, or among my well-to-do friends and business associates. As this money came in it was placed in the treasury and used exclusively to develop the estate.

The common stock was nearly all held by me, with Mrs. Lewis and one or two others, as required by law. It was not sold to the public but held by the Development and Investment Company. I did not put any of the common stock on the market.

The total actual price paid on all the lands embraced in the University Heights holdings was close on four hundred thousand dollars. The total improvements would represent about two hundred and fifty thousand dollars, in sewers, sidewalks, gutters, gas and water mains. It is completely improved as the highest class of residence property.

THIS DEAL UNDER THE PROBE.

The propriety of the above transaction was called in question before the Ashbrook Investigating Committee while ex-Congressman Nathan Frank was on the stand. Mr. Frank is a local trustee and agent for St. Louis and vicinity of the Metropolitan Life Insurance Company of New York, and one of the most eminent corporation lawyers in the West. The witness testified in reply to questions of Congressman Austin, substantially as follows:

Under the former law of Missouri in reference to incorporated companies, which was in effect at that time, at least one-half the capital stock must be paid in actual cash. But the Supreme Court of Missouri has held that "lawful money" means property, and that in paying for the shares of a corporation you could put in property at an honest fair valuation. Recently, the law has been made much more explicit.

At this point ensued the following colloquy:

MR. LEWIS. I want to ask you a few questions, Mr. Frank, as this matter has frequently been brought up and you undoubtedly could qualify to settle it. Suppose you purchased eighty-five acres of real estate which, in your judgment and that of competent experts, was destined to become the future residence centre of St. Louis, for two hundred thousand dollars. Suppose you then incorporated a company for a million dollars, of which the preferred capital stock would go into the treasury to be sold for the improvement of the land itself, thereby enhancing its value, and you, as the purchaser of the land, took only the common stock representing its potential or future increment, would you consider that you were defrauding anybody, or that capitalizing it at a million dollars was an illegitimate transaction?

MR. FRANK. Certainly not.

MR. LEWIS. You would consider that an entirely legitimate transaction?

MR. FRANK. That is done all the time, in the improvement of unimproved property, here and elsewhere.

MR. LEWIS. That is your understanding as to what was done in the University City matter?

MR. FRANK. I think so.

MR. AUSTIN. I ask whether that is in strict compliance with the law?

MR. FRANK. That is undoubtedly a hard question to answer.

THE CHAIRMAN. What is your opinion judging by this inquiry?

MR. FRANK. I would not base any charge of real fraud on that. It is not customary to charge fraud for that sort of thing.

MR. MCCOY. Has it come under your observation, in the course of your real estate experience, that sometimes, if a man, or set of men, purchase a large tract of land, there are immediately other people in the community who say to themselves, "Why, we ought to have got in on that," and who are immediately willing to pay a higher price for that land?

MR. FRANK. Undoubtedly, because they get the judgment of these other men, and act on it; they follow their judgment.

MR. REDFIELD. Are you familiar with real estate operations on Long Island and Staten Island?

MR. FRANK. Somewhat.

MR. REDFIELD. Is it not a fact, Mr. Frank, that frequently a very large block, as it is termed, of real estate taken by one or a group of strong holders immediately, without any further action, becomes at once very valuable?

MR. FRANK. Undoubtedly.

MR. REDFIELD. Isn't the fact that you have just stated in response to my question, the usual and normal result?

MR. FRANK. Certainly.

MR. REDFIELD. Is it not a fact—I am now going to ask you to be very careful to answer this, as you have all the other questions—is it not a fact, that that is the usual basis upon which large and conservative operators proceed?

MR. FRANK. Yes! I think that can be demonstrated in this city—not only with respect to large blocks of suburban property, but with respect to large holdings of city property as well.

Any question as to Lewis' good faith in this transaction is thus seen to be fully covered by his withholding the common stock from the market, and offering for sale only so much of the preferred stock as was necessary to develop the property and thereby enhance its value. The final test of his judgment as to the future value of the land as bearing upon the sum for which the company should be incorporated was settled by the event. Within two years this tract was appraised by the foremost real-estate experts of St. Louis at

one million dollars and upwards. Actual sales at a rate which would exceed that valuation had then been made to the amount of more than double the total of the original purchase. The longer this whole affair has been tried out in the crucible of criticism, the more clearly the gold of Lewis' sound practical judgment is separated from the dross of bias, prejudice and mere opinion of his critics. In real estate values it is time that tells. Time has shown that the University Heights Realty and Development Company was under, rather than over-capitalized, and that no one by any possibility could have been injured or defrauded by the extent or manner of its capitalization.

As to the way the financial end was handled through the Merchants-Laclede Bank and the National Bank of Commerce, Lewis appears to have acted upon the advice of men who at that time were far more experienced than himself in transactions of such magnitude. The deal with the Merchants-Laclede Bank for the original purchase was handled by Messrs. Hoskins and Camp. The legal formalities of the incorporation of the University Heights Company involving the passing in and out of the million-dollar check, were performed under the advice of attorneys and with the consent and approval of the authorities of the National Bank of Commerce, then, as now, one of the foremost banking institutions of St. Louis. The cashier of this bank, Mr. John A. Lewis, who shortly after the incorporation of the University Heights Company became a member of its board of directors, when examined on this transaction by the Ashbrook Committee, said:

On looking this matter up I found on our city ledger a deposit made on November 2, 1902, for one million dollars to the credit of the University Heights Realty and Development Company. There was another deposit of even date to the credit of the Development and Investment Company of the same amount. I found also, on the same date, two debits of like sums against the two concerns. Presumably, the two companies drew their checks reciprocally for one million dollars, and thus the account was cancelled and closed.

Three notes in the sum of three hundred and thirty-three thousand, three hundred and odd dollars each, were also turned in by Mr. John A. Lewis to the National Bank of Commerce as its cashier or assistant cashier, and passed to the credit of the University Heights Company in connection with its incorporation. These notes represented the million dollars against which the check of that concern was drawn. The whole affair, in short, was a paper transaction made for the purpose of technical compliance with the law, by the payment of legal money. But the fact that this was done through a leading St. Louis bank, by its advice and with its consent, is in itself assurance that it was in no wise fraudulent.

LEWIS' HOME AT UNIVERSITY CITY.

Lewis' mind was quick to grasp the fact that in his original purchase he held the key to the whole of the city's westward growth. As Lewis aptly puts it, University City is located like a cork in a

bottle. The city of St. Louis, being confined by the horseshoe bend of the river, its only possible growth is westward parallel to Forest Park, and this growth must of necessity enhance all real-estate values in that quarter. Lewis, therefore, determined to locate his own home on the newly acquired property, and to interest himself in the future development of the entire region as a separate little city, with himself as mayor, and with his home in the centre. He thus tells how he selected and acquired the site for his home:

On one corner of the first tract of approximately eighty-five acres which we purchased, was located a very large spring. This was surrounded by a kind of swamp, so that in figuring the first values of the property that piece was practically eliminated. I accepted that piece as a gratuity from the University Heights Company as consideration for my negotiating the purchase by the Lewis Publishing Company of the corner lot where the Magazine Building now stands and for other services. It could not have been placed upon the market at a fair valuation without expensive grading, but I took it as it was, and made it the location of my home, landscaping and beautifying it. The spring is now made into an attractive swimming pool. The overflow floods the lowest part of the ground and that has been turned into a fish-pond.

Mr. Frank, under examination by Lewis, also testified as to his recollection of this locality. He said:

I recall the piece in the southwest corner of the original tract. It contained a large spring, surrounded by a swamp. There used to be an old well and a dump there. In my judgment it was an absolutely worthless piece of property. I think it was the worst piece there, and you have made it the most attractive.

MILLIONS IN OPTIONS.

Lewis, after making the original purchase, and deciding to locate his proposed new building and his own residence upon the property, concluded to extend his real-estate interests as widely as possible. He thus describes the up-building of his real estate interests:

I took an option on every piece of land in the neighborhood, and gradually acquired a total of two thousand, six hundred acres under options, some of them running three, four, and five years. I agreed to carry the interest and taxes in the belief that they would be covered many times over by the added increment in value. This included all of the surrounding land. The total amount called for, under these options, to acquire absolute ownership, according to my recollection, was about four million dollars. A recent appraisal of these same properties shows a present value of nearly thirty million dollars. This is partly in St. Louis and partly in University City. A great deal of it is already built up with superb residences. The increase in value became very rapid when it was known that the World's Fair was going to be located right adjoining. The property was doubling and doubling in value. As the land was improved it quickly began to be sought after. In a year or two we had sold off nearly half of Section One at various prices which amounted in all to eight hundred thousand dollars. And we still had one-half of this section left. This confirmed me in my view of the value of the land. As fast as the University Heights Company developed the land which it had purchased and placed it on the market, the money was employed to take on the other properties which I had already purchased personally through the Development and Investment Company, or had under option. I then had Sections Two and Three under option. I sold them to the company at an advance on my option, but at the value appraised by reputable experts. I did not take

the money, but took equivalent holdings in the University Heights Company and placed them in the Development and Investment Company. My own profit I made in my interest in the common stock of the former concern. In other words, instead of having a private personal ownership, I had a proportionate holding in the realty company.

These were then undeveloped—just acreage properties. The tract on the opposite side of Delmar, north of the first section purchased, is known as Section Two; west of that, on the south side of Delmar, is Section Three. Those three properties were all owned outright by the University Heights Company. This land was all paid for in cash. We carried some loan on them, and afterwards borrowed considerably on them, but they were the property of the company with clear title. Then, west of Section One is Section Four. Beyond that Sections Five, Six and Seven. Those were my personal property. I took what earnings and profits I was making personally and bought land there, paying as little down for it as I had to, and getting a part purchase mortgage for a long period on the balance. I knew that I would have to carry it four or five years before it came on the market. It was simply a question of interest and taxes, against increment of value.

The land of the University Heights Company doubled in value within a year or two. What we had sold brought in eight hundred thousand dollars. This was not all paid in cash. A sum was paid down and so much regularly thereafter. What we had left in Section One was worth as much again. This, added to the other sections, made a total value of something like three millions dollars. This was not counting my own holdings. I began to have the idea that I had a pretty good thing.

I then proceeded to develop and improve the University Heights property, laying it all out beautifully with winding boulevards and the highest class of improvements of all kinds. The money from the sale of the preferred stock was used as it came in, to lay out the sewer systems, boulevards and other improvement work. I had expert landscape gardeners from Boston to assist our architects in laying out the boulevards. I planned bigger and more beautiful things—a model city. In the centre I erected my own central executive office in the octagon tower known as the Woman's Magazine Building, and another structure for the Magazine printing plant. I laid out the space in front with lawns, and set apart a central campus for a university. The rest of the section was laid out in roads and boulevards as the most beautiful residence estate in America. All the lots were restricted. Special localities were reserved for churches, schools, and libraries. We had plenty of money for making improvements. We wanted to make on University Heights the model city of the world.

We spent more than one million dollars in improvements and buildings on Section One alone. Water was brought more than twenty miles through the mains of the St. Louis County Water Company. A postoffice was established in the Magazine Building. We had our own telephone exchange. Houses began to go up, costing from five thousand to fifty thousand dollars each. Each home was surrounded by trees, shrubs, and flowers. Among the oaks at the crest of the Heights was erected the fine and costly home of Mr. Jackson Johnson, a wealthy citizen of St. Louis. It became part of our plan that the government of this residence park be in the hands of the residents themselves through their own committees.

There was one corner of this estate outside the St. Louis limits which was at that time covered with low class inns and saloons or dives. Fights occurred, and one night three people were killed in one. One of our first undertakings was to clear these away. Opposite was the race track, and it was then my idea to remove the race track also, but shortly afterwards the racing was suppressed by law, and we had no further trouble from that source.

A brief summary of this transaction, and of Lewis' expectations as to the future, is found in a letter written by him under date of January 7, 1903, to Wm. H. Gorse, of the Missouri Trust Company of St. Louis, which will be of interest here. He said:

In order to secure proper facilities for my publishing business, which now requires a very large plant, I have purchased the eighty-five acres of land directly west of Delmar Garden on Delmar Boulevard. I was unable to get the corner lot which I wished, without purchasing the entire tract. In order to handle the proposition I organized the University Heights Realty and Development Company with a capital of one million dollars. This capital was fully paid in cash, and every requirement of the law was very carefully complied with. The company then purchased the land. Of this capital three hundred thousand dollars is preferred stock bearing six per cent cumulative interest. The balance of seven hundred thousand dollars is common stock. I placed a mortgage of two hundred thousand dollars on the land, of which I have today paid off ten thousand dollars.

I brought the best engineer in the country from Boston and had him lay out the land into the finest private residence park in the West. All the surveys are now completed and all the contracts are arranged, ready for the construction of the streets and boulevards. We expect to have the property on the market by the spring months.

I then placed the preferred stock on the market for sale, advertising it extensively in the public prints. I have already received subscriptions for about one-half of it. The balance is being very rapidly taken up. I have arranged with the National Bank of Commerce to act as trustee, so that when the subscription is complete the entire three hundred thousand dollars will be in their hands. They will then pay off the mortgage, so that there will be no encumbrance on the land, and there will remain one hundred thousand in cash to pay for the improvements.

Under our plan there are thirty thousand front feet of residence lots available for sale. We have just been offered a contract by responsible parties to sell the land out for us at auction under bond, so as to net us an average of thirty-five dollars per front foot, two hundred feet deep. On this basis the sale of ten per cent of this land in building lots would retire the preferred stock, thus reducing the capital to seven hundred thousand dollars, of which I will own six hundred thousand dollars. The property being outside the city limits has only county taxes; and while it may take me eight or ten years to work off all this land, yet at the same time under our schedule of prices, when it has been sold, it will have netted us a total of three million dollars and a profit of over two millions.

WAX MODEL OF THE CITY BEAUTIFUL.

Those who characterize Lewis as a dreamer would do well to consider the insight by which he thus penetrated the complex real estate conditions of St. Louis, and arrived unerringly at the true key to its future development. They should also study the process by which he confirmed his conclusion. They should think over and understand his skilful method of financing his plans. Any who may still suppose that Lewis' real estate operations were mere speculations and that the resulting increments of value were the result of luck and chance, without any special work on his part, should ponder well the part played by Lewis personally in the actual planning of a model city.

Shortly after writing the above quoted letter in February, 1903, Lewis employed a local expert to make a complete survey, with full

computations, measurements and maps, of his newly purchased property. This included all the elevations and other topographical features. Then, with his own hand, he transferred the whole to scale upon an enormous drawing board specially prepared for this purpose. He fixed the elevations by means of pins driven into the board at the right depth and proper intervals. He then modeled the topography of the entire tract in true relief with wax. Every elevation and depression was accurately molded. All the existing cultural features were shown. Every characteristic of the property was reproduced in miniature.

Lewis spent many hours experimenting upon this model. He was able to try out all possible forms of landscape engineering. A mass of wax removed from an elevation, when squared up and measured to scale represented a corresponding number of cubic yards of earth to be removed. The same mass could then be applied to a nearby depression. This would show the proportionate level of the hollow which the earth removed from the elevation would fill. Lewis' instructions to his engineers and contractors were thus based, not upon guesswork, but upon the most careful and exhaustive experiment.

When the engineers had completed their plat of the streets and boulevards under his supervision, he modeled these accurately in the wax. He then put in some little tubes reduced to scale in proportion to the dimensions of the proposed sewer pipes, and by means of a gardener's watering pot and sprinkler he produced miniature rainstorms. By using measured quantities of water he reproduced in this way the amount of rainfall of all ordinary kinds of storms according to local weather reports. He also tried the effect of any possible surplus of rainfall from a spring freshet to a cloudburst. All these conditions he carefully observed. The net results of this study was a high degree of intelligent supervision of the work of the contractors and landscape engineers. This facile adaptation of his natural aptitude for mechanical devices and his inventive skill to new problems, is highly characteristic of Lewis, and accounts in no small measure for his astonishing rise to affluence.

THE INSPECTORS' INVESTIGATION AND REPORT.

The remaining history of University Heights as a real-estate subdivision prior to Lewis' troubles with the Government, was sketched by him in response to the demands of postoffice inspectors during their investigation in the spring of 1905. After rehearsing the facts as to the organization of the company, Lewis asserted that nearly three miles of boulevards, sidewalks, sewers, and water-mains had by that time been put in and paid for. He added that improvements in the shape of residences and other permanent buildings to the extent of nearly one million dollars had been erected.

Of the entire three hundred thousand dollars' worth of preferred stock placed upon the market, only about seventy-two thousand dollars' worth was outstanding. All the transactions of the corporation

from the beginning had been under the direct supervision of the National Bank of Commerce. Every dollar received from the preferred stock was paid directly to that institution as trustee, and by it disbursed on the contractors' vouchers against permanent improvements on the property. Lewis continues:

On January 21, 1905, at a meeting held pursuant to legal call of the stockholders and directors, it was voted to purchase the additional land lying south of the original purchase toward the magnificent buildings of Washington University, and thence westward, a tract of fifty-seven acres. This land is now being laid out to correspond to the original purchase. The whole will constitute a great private residence tract.

At a meeting of the directors and stockholders it was voted to make an issue of ten-year bonds at five per cent to the extent of seven hundred and fifty thousand dollars. These bonds will cover all the land and improvements of the company, except the tract occupied by the Woman's Magazine plant and that occupied by the private residence of E. G. Lewis. These bonds are based on a valuation of twenty-four dollars per front foot. They allow a fund of nearly one hundred thousand dollars to be set aside for the completion of the improvements. Sufficient funds are also set aside to pay the first year's interest. The company will then have a frontage of thirty-one thousand feet available for fine residences. Already four residences costing from twelve thousand dollars to one hundred and twenty thousand dollars each have been completed. Another is in construction. Twelve more are under contract.

The company is holding its land at prices ranging from thirty-five to one hundred dollars per front foot and the demand is good. Under this bond issue the company will retire the preferred stock, take up all encumbrances and mortgages and have in the treasury in the neighborhood of one hundred thousand dollars to complete improvements. The investors who purchase the preferred stock will have received their money back with six per cent per annum since the date of their investment. They will retain as an additional profit their twenty-five per cent of the common stock given them as bonus. Within the life of the bond issue we expect the land of the company to average one hundred dollars per front foot. A low valuation of it at the present time would be fifty dollars per front foot throughout. The land of the University Heights Company within ten years should average one hundred dollars per front foot. Its profits would then exceed two millions. This would be an average yearly net income for the ten years of two hundred thousand dollars on its investment. I do not believe that these figures are overstated, as they would be corroborated by the best real-estate men of St. Louis.

By postoffice tradition Lewis is presumed to be guilty of fraudulent intent in all of his various undertakings. Following this investigation Inspectors W. T. Sullivan and James L. Stice made a report to Inspector-in-Charge Fulton under date of June 2, 1905, recommending that "E. G. Lewis and the University Heights Realty and Development Company be cited to show cause why a fraud order should not issue against them."

After rehearsing the facts as to the organization of the company, and the method by which it was financed, they insert Lewis' statement of its assets and liabilities. Commenting upon his estimate of two and a half million dollars as the actual value of the thirty-one thousand front feet remaining, they assert that on this basis it would be necessary to obtain nearly one hundred dollars per front foot for the property. A simple division will show what is the exact

figure they should have stated, namely, eighty dollars. The inspectors, in other words, took upon themselves to exaggerate Lewis' own roseate expectations by twenty-five per cent. Then they say:

While we do not pretend to be experts on real estate values, yet we do own St. Louis property. Our observation and experience causes us to express the opinion that when the expenses of marketing this property is deducted, it will not average fifty dollars per front foot.

The inspectors then comment upon the proposed bond issue of seven hundred and fifty thousand dollars. The intent of this was to retire the preferred stock held by the Bank of Commerce as trustee, and consolidate all the indebtedness of the company. They express the opinion that this transaction was regrettable. They remark that "as a legitimate venture it would have been more safely handled if the Bank of Commerce, a reliable institution, had entire control." They then assert that, in their opinion, Lewis "holding a majority of the stock, can now manipulate it as he desires." They assert their opinion that "when the need of money again appears a new bond issue will undoubtedly be put on the market by the aid of the Woman's Magazine and Woman's Farm Journal." The inspectors, it will be observed, have no doubts. After commenting upon two transactions between the University Heights Company and People's Bank (which they omit to state were necessary steps in connection with the proposed bond issue) they arrive at the following extraordinary conclusion:

This company is considered by us to be the only legitimate proposition promoted by Mr. Lewis, and according to the above statement it is very doubtful if the stock can ever be taken up at par. . . . This concern is, therefore, one of the numerous devices promoted with the money of others, and one of the ramifications in his endless chain plan of robbing Peter to pay Paul, but not at any time losing sight of the interest of Lewis.

In itself, separated from the management of Lewis, we would not feel justified in a drastic recommendation; but with his management, and the fact that by the time the improvements are completed we believe the capital will be so seriously impaired that the further use of the mails in the sale of stock will certainly result in fraud, in connection with his other schemes, we recommend that E. G. Lewis and the University Heights Realty and Development Company be cited to show cause why a fraud order should not issue against them.

Here the right is assumed, as inherent in the function of post-office inspectors, to sit in judgment upon the probable outcome of commercial ventures, to decide upon real estate values, and to set up their personal opinion in contradiction to the mature judgment of experts who have made a special and exhaustive study of the subject, comment on these propositions would seem to be unnecessary.

The history of the University Heights Company will come up for further consideration in connection with the story of the People's United States Bank. We must now take up the story of World's Fair Days at St. Louis.

CHAPTER X.

WORLD'S FAIR DAYS.

ORGANIZATION OF THE LEWIS PUBLISHING COMPANY—FINAL PURCHASE OF THE RICHARZ PRESSROOMS—FINANCIAL FACTS AND PROSPECTS—LAYING THE CORNERSTONE—CAMP LEWIS—POPULARITY OF THE ENCAMPMENT—THE WORLD'S FAIR CONTEST COMPANY—WILLIAM JENNINGS BRYAN OBJECTS—INDICTMENTS FOUND AND QUASHED—SETTLEMENT OF THE CONTEST—THE POSTOFFICE INSPECTORS' REPORT—THE BACHELOR PNEUMATIC TUBE COMPANY—CALIFORNIA VINEYARDS COMPANY AND OTHERS.

Lewis is first of all a publisher. This is the true key to his life-story. All his other activities either lead to or grow out of the Winner and the Woman's Magazine. Once this fact is grasped, every incident in his career can be clearly seen in its true value and relation. All his other efforts are intended to promote the circulation of his papers by giving new advantages to his readers or else they come in by way of speculation, or investment of surplus profits. All are designed to extend the influence and enhance the value of the Woman's Magazine and its sister publications.

The origin of his big real estate interests is a good example. They all grew out of his effort to find a good site for the new home of the Woman's Magazine. His first thought was to get out of town. His second to be near the World's Fair. He picked out the tract formerly owned by the Bonhomme Land Company for the double reason that it was across the city limits in St. Louis County and, also, just across the fields from the World's Fair Grounds in Forest Park. The fact that he was unable to buy this coveted location without acquiring the entire tract of eighty-five acres was what caused him to go far more deeply into the real-estate business than he first intended. All of his early promotions may, therefore, be regarded as merely preliminary to the promotion of the Lewis Publishing Company, which in turn gave rise to the People's Bank. These are the two largest and most characteristic of the Lewis enterprises and the two in which the interest of this narrative centres.

The project for the consolidation of all his various publishing interests into one large company seems to have taken definite shape in Lewis' mind soon after the first announcement that the World's Fair of 1904 was to be held in St. Louis. This plan had been discussed quite openly before his rupture and settlement with Nichols in the spring of 1902. It was objected to by that young man on the ground that there were no funds with which to finance it. "We

hadn't enough to buy one acre," said Nichols, "much more fifteen, and put up a big building." Yet, no sooner had the Mail Order Publishing Company been reorganized, and a new secretary elected to replace the dubious Nichols, than Lewis took steps to realize his grand project. The site for the new building was purchased, as we have seen, in October, 1902, for a moderate sum considering its future value. The deal was financed without difficulty. The University Heights Company was next chartered, organized and launched.

Lewis then made a private arrangement with his friend, Kramer, whereby the latter endorsed Lewis' paper to an extent that would enable him to procure, at the National Bank of Commerce, all the ready cash that he needed to pay his contractors for the new big building. Architects were employed to design the plans. Affairs were soon in train to break ground as soon as the snows of yesterday should melt in the spring of 1903 and there was assurance of seasonable weather.

THE LEWIS PUBLISHING COMPANY.

The business of publishing the *Woman's Magazine* and *Woman's Farm Journal* was fast becoming a civic affair. Far more people knew of the city of St. Louis through the medium of Lewis and his papers and projects, than by any other means save the *World's Fair* alone. St. Louis, for many people in America, meant E. G. Lewis. Though less known at home than elsewhere, his plans began to bulk somewhat largely also in the eyes of the local public. When, therefore, Lewis conceived the idea of associating with him in his enterprise many of the chief representative business men and bankers of St. Louis, he had no great difficulty in securing the co-operation of a large number. Some, indeed, had already joined his other enterprises. One of them, Mr. McMillan, president of the St. Louis Union Trust Company, was his first backer, had lent him his first five hundred dollars, and had watched his projects with growing interest. Many had already benefited either financially or by advertisement. When, therefore, in the fall of 1902 and all through the ensuing winter, Lewis undertook a personal canvass on off days from his editorial chair, for subscriptions to the preferred stock of the million-dollar Lewis Publishing Company, soon to be incorporated, he was received and listened to willingly.

We here get another glimpse into the systematic and practical nature of his methods. He first prepared a list of the leading banks and representative business enterprises of St. Louis. He then picked out the men most active and prominent in their management. These men he personally visited and invited to join him as stockholders in his projected enterprise. He set apart for this purpose the entire preferred stock of two hundred thousand dollars. He then specifically limited the subscribers, with a few exceptions, to the same precise amount, two thousand, five hundred dollars, this being not too large nor yet too small for the sort of men he desired.

He was thus able to secure as stockholders a list of nearly one hundred representative St. Louisans.

The stock was offered at par, and the amount which he realized even before the company was organized, was of substantial value in financing the construction and equipment of the new building, and in paying for the removal thither of his mechanical plant. Lewis' object was, however, not solely a financial one. It was largely to gain a moral effect. He meant to have behind him the prestige of a body of stockholders of highest local repute. He also coveted the active co-operation of individuals so energetic and so well connected as to push forward the financial and other interests of his concern. Lewis was, in fact, at that time acting as a sort of general advertising manager to the whole city. He was creating interest in St. Louis in every direction. It was only natural that prominent citizens should wish to help his enterprise, and so they did.

Lewis' offer to his prospective stockholders was flattering and liberal. The stock was sold at par. He first outlined fully his project and explained that the common stock would be held by himself and his immediate associates. He pointed out that only the preferred stock would be issued to the city. He then frankly acknowledged that his object was not so much to secure the additional cash investment, as the moral influence of the names of the subscribers. So he accepted many, if not all, of the subscriptions upon the distinct understanding that if, for any reason, the subscriber desired to be relieved of his investment, he, Lewis, would personally repurchase the stock at face value. Many of the subscribers gave their notes for the amount. Some of these notes were, by agreement, made non-negotiable. They were payable only to Lewis, and could not be discounted by him or sold to others. In a few cases he agreed that the note should be taken up only by indorsing the dividends upon it until the full amount had been earned by the stock itself. The majority, however, were paid in cash. Lewis, in every instance of record, seems to have complied faithfully and honorably with the terms of his agreement. A few subscriptions were cancelled and taken up by Lewis. But, for the most part, the group of men represented by this preliminary canvass continued as his stockholders throughout the stormy period which followed, and still remain on record as members of the Lewis Publishing Company.

THE ORIGINAL STOCK SUBSCRIPTIONS.

The autograph signatures on the original subscription agreement are reproduced on another page. This list, to a local reader, reads like a page out of the Blue Book of socially and financially prominent St. Louisans. A large proportion of the chief banks and business enterprises of St. Louis are represented by their responsible heads, or active managers. The only possible conclusion which can be drawn by a candid investigator is that Lewis and his enterprises at that time were thought of highly, and that his project was currently regarded as eminently creditable and indeed as reflecting great

honor on the city of St. Louis. Lewis thus tells the story of this enterprise, in his testimony before the Ashbrook Committee:

Early in 1903 the Development and Investment Company owned the controlling interest in the stock of three great concerns—the Mail Order Publishing Company, publishers of the Woman's Magazine, capital fifty thousand dollars; the Farm Journal Publishing Company, publishers of the Woman's Farm Journal, capital twenty-five thousand dollars; and the Richarz Pressrooms, where these papers were published, capital twenty-five thousand dollars. Each of these corporations had long grown out of all proportion to their original capitalization. To consolidate them it was necessary to purchase the interests of the small stockholders. This was done through the Development Company, which put up the necessary money and bought up all outside stockholders. Many of them made a small fortune from their holdings. The debts of all three concerns were paid by the Development Company.

A new corporation was then formed, known as the Lewis Publishing Company, with a capital of one million, two hundred thousand dollars. This publishing company having formed itself into one of the largest of its kind in the world, it was thought desirable that the foremost men of St. Louis should be brought into association with it. We accomplished this by making two hundred thousand dollars of this capital preferred stock. This we sold only to such men as would bring credit and give standing to the enterprise. The Development Company received practically eight hundred thousand dollars of the capital stock of the new corporation. The two hundred thousand dollars in cash realized on the preferred stock went into the treasury. This was to be retired at the end of five years. Then the Development Company would own eight-tenths of this great publishing business, with its half million dollar plant free of loan or mortgage. For, in reorganizing the three old companies in one new one, we provided that at the end of five years we could call in the preferred stock at a fixed price. The readiness and kindly spirit with which St. Louis' best citizens purchased this stock was the most gratifying thing in the history of these publications. It showed that a prophet is sometimes not without honor in his own country. The best men of St. Louis recognized our great publishing business as one which would be a credit to any city in the world.

As the propriety of capitalizing the assets of the three former enterprises, amounting collectively to no more than one hundred thousand dollars, at twelve and a half times that sum, has been called in question, the steps taken by the Development and Investment Company in this promotion may be briefly mentioned. Lewis' own statement is this:

The three properties had largely outgrown their original capitalization. Their collective value was far in excess of a million dollars. I, therefore, in 1903 incorporated the Lewis Publishing Company with a capital of one million, two hundred thousand dollars to take over these three growing concerns. I personally solicited the subscriptions to the stock among friends and acquaintances in St. Louis. I stated what I proposed to do, going into full particulars, and asked if they would like to join with me. This was the preferred stock. The common stock in great part I owned myself. No stock of any kind was offered at public sale.

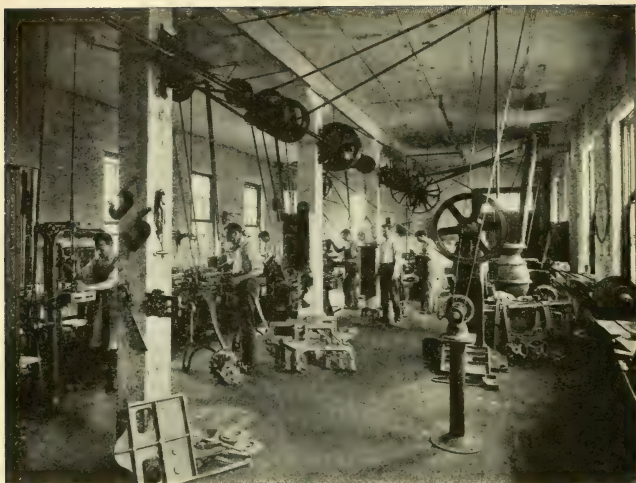
FINAL PURCHASE OF THE RICHARZ PRESSROOMS.

In a letter to the Missouri Trust Company at this time, Lewis makes a statement as to the value of his publication business. He shows total assets in round figures of four hundred and fifty thous-



¹First factory rented and equipped by the Development & Investment Company at 4961 Suburban Track, St. Louis. Occupied from November 1, 1901, to August 1, 1906. The early experiments on the Lewis Addressing Machine, the Telephone Controller and the manufacture of paper corks were made here

²Plant of the United States Fiber Stopper Company, University City. Erected 1909



Views taken in 1911 in the United States Fiber Stopper Company's plant at University City

¹Machine shop. ²Latest models of cork machines

and dollars; liabilities of one hundred and fifty thousand dollars, including capital stock, or a net surplus of three hundred thousand dollars. The total cost of publishing the *Woman's Magazine* for one year was estimated at one hundred and eighty thousand dollars. The total revenue based upon advertising contracts in hand, subscription revenue at the present rate and current business running without contract, was stated as in excess of four hundred thousand dollars. Hence the profit for the ensuing year was estimated at two hundred thousand dollars and upwards. Commenting on this condition of affairs, Lewis says:

In making up our statements, the most valuable part of our property, namely, the franchise, has not been taken into consideration. You could probably duplicate the plant of a paper like the *St. Louis Globe-Democrat* for one hundred thousand dollars; but you could not purchase the paper itself for one and a half millions. Their franchise is just the same as any other part of their assets. It would not be placing too high a figure on the franchise of the *Woman's Magazine* to value it at three-quarters of a million dollars.

We also own the *Woman's Farm Journal*, a separate corporation, which cost us fifteen thousand dollars a year and a half ago. It was then eleven years old, but had only about sixty thousand subscribers. We have run the paid subscriptions up to a quarter of a million. The advertising rate has increased from twenty-five cents to one dollar a line. The *Farm Journal* is now clearing about one thousand, five hundred dollars a month, and is picking up very rapidly. Its franchise value is, therefore, considerable.

Upon this statement he requested a line of discount of fifty thousand dollars for the purpose of acquiring the plant of the *Richarz Pressrooms*. This arrangement appears to have been consummated, for we find him in February of 1903 negotiating with *Richarz* for the purpose of buying out the latter's remaining interest. A deal was closed under date of February 9, whereby *Richarz* sold to the Development and Investment Company his entire interest in the *Richarz Pressrooms* (including all stock which the Development Company did not own at that time) for a total sum of fifty thousand dollars. Of this, thirty thousand dollars was paid in cash. The remainder was assumed by the purchaser in the form of obligations of the *Pressrooms Company*. All the obligations of Lewis and his enterprises to the *Richarz Pressrooms* were cancelled. The remaining bills receivable of the *Pressrooms Company* became the property of *Richarz* individually.

Richarz was then given a five year contract as pressroom manager at a salary of three thousand, six hundred dollars per annum. A majority of the capital stock of the *Mail Order Publishing Company* and *Farm Journal Company* was already in possession of the Development and Investment Company, so no practical difficulties were had in those quarters. The minority stockholders of these concerns after sundry negotiations formally authorized Lewis to vote their stock in the event of the formation of a new company. They agreed to accept in full payment an equivalent amount of

stock in the new Lewis Publishing Company, about to be incorporated.

FINANCIAL FACTS AND PROSPECTS.

About this time Lewis, in course of a statement to the Missouri Trust Company as of May 16, 1903, showed total assets, including stocks of the Lewis Publishing Company, University Heights Company, the Controller Company and the Farm Journal Company, at par in excess of two millions of dollars, as against a total liability of twenty-eight thousand dollars. He stated at this time:

The Lewis Publishing Company is now in process of formation. The charter has been granted and the entire details will probably be completed this coming week. The new company will start without any indebtedness or liability. It will have about two hundred and thirty thousand dollars in cash in bank. Its assets in machinery, type and fixtures will amount to nearly two hundred thousand dollars more. We are now erecting the largest and finest publishing plant in the world in University Heights. This will be completed by the fall of this year without any indebtedness attached to it. At the present time, the earnings of the two publications and pressrooms are about a quarter of a million dollars a year, net profit. These earnings will be increased at the end of ninety days, owing to a fifty per cent increase in our advertising rate. The preferred stock is being taken up by the foremost men in St. Louis. About one hundred and twenty thousand dollars has already been subscribed. The balance would be taken by the present subscribers, except that, in order to enlist as large a number of prominent men as possible in the enterprise, I have limited the amount held by any one member to two thousand, five hundred dollars.

Lewis discusses further the status of the Lewis Publishing Company under date of August 5 in a letter to the Germania Trust Company with whom he was then negotiating an additional line of discount:

The Lewis Publishing Company is a consolidation of three previous properties. One of these—the Mail Order Publishing Company—was publisher of the Woman's Magazine, the largest publication in the world. This has a circulation now exceeding one million, four hundred thousand copies of each issue and increasing at the rate of from sixty to ninety thousand new subscribers per month. Another was publisher of the Woman's Farm Journal, having a circulation of five hundred thousand copies each month. The third was the Richarz Pressrooms, the finest publishing plant in St. Louis, where these papers are printed.

The Lewis Publishing Company has no indebtedness of any sort. It has one hundred and seventy thousand dollars due it from subscriptions to its preferred stock. It has assets of about two hundred thousand dollars in machinery, paper stock and fixtures. Its present earnings are at the rate of a quarter of a million dollars per year, net. We are building the finest publishing plant in the world, here in St. Louis, at a cost of about two hundred thousand dollars. We are paying cash each week for the work as done and for all material delivered. We have ordered and building for us fifty thousand dollars' worth of additional machinery, to be delivered between now and the last of September.

Beginning with the October number, the advertising rate of the Woman's Magazine and of the Woman's Farm Journal is increased by fifty per cent. The rate for the Woman's Magazine will then be four thousand, two hundred dollars per page, each issue. We now have in hand valid contracts for advertising sufficient to fill from thirty-two to forty pages per issue at that rate. The cover pages are sold in advance for nine months. One adver-

tiser has just closed a contract with us for half a page per issue for twelve issues at a cost of thirty thousand dollars. The growth of the circulation of this magazine, extending all over North America and to foreign countries, is almost inconceivable. An advertisement in it is immediately placed in a million and a half homes and presumably before seven or eight millions of readers. A publication is enabled to advance its rate as it grows in reputation and standing, whereas a merchant must double his stock to double his business.

We have coming here as guests during the World's Fair the foremost publishers of Europe and the largest advertisers in the world. The building and equipment of our new plant means, therefore, more to us five times over than its cost. To have all in readiness, we are now working a double shift of men and have applied to the labor unions for permission to operate a sixteen-hour day. All the facilities of St. Louis could not add an additional eight pages to an issue of our paper, requiring as it does about ten carloads of paper to produce an issue. If we are able to get into our plant in time to print the October number, it will make a difference in our net income of nearly twenty thousand dollars on that single issue. Our new plant will have a capacity of two million forty-page magazines, completely printed, stitched and folded, in eight days. We believe that we will come out of the World's Fair year as the foremost publication in the world. This means enormous earnings. There is no reason in the world why the Lewis Publishing Company should not in time earn from six hundred to eight hundred thousand dollars a year, net.

With proper publicity and the standing which our great building will give us, and the effect of the World's Fair in bringing us in contact with hundreds of thousands of people all over the country, and particularly the foremost advertisers in the world, we should be able to command nearly double our present advertising rate. As an illustration, we hand you a letter herewith, from one of our largest advertisers, stating that he hopes to see us charge ten dollars a line. This is in the face of the fact that we have just raised his advertising rate from four to six dollars a line. We believe that the day has come for a great national publication with enormous power and influence, and with corresponding earning power. We are, therefore, building and equipping a plant, the like of which does not exist, to realize this idea.

Lewis then called attention to the fact that the Delineator of New York with less than one-third the circulation of the Woman's Magazine was capitalized at twelve millions of dollars and paid seven per cent. He further asserted that the Ladies' Home Journal had earned a "cold million a year" for the past two years. He said that the results secured by advertisers was the key to these enormous earnings and that the past year had demonstrated that in value of advertising the Woman's Magazine was equal to the leading magazines in America. After summarizing the lines of discount of the old corporations, he stated that their indebtedness having been cleared up, he desired to form a connection with a first-class bank, with a view to carrying out certain plans which had been carefully studied and tested during the preceeding four years. He based his request for a line of discount for the Lewis Publishing Company up to one hundred thousand dollars on these facts and concluded with the following assertion:

Since we have been in business here the banks have held a total of a million and a quarter dollars of our paper. We have never renewed or extended a note in the entire four years of our business. We refer you

to the National Bank of Commerce, the American Exchange Bank and the St. Louis Union Trust Company as to the truth of this assertion.

Such was the status of the affairs of the Lewis Publishing Company when the time arrived for the laying of the cornerstone of its new building in August, 1903.

LAYING THE CORNERSTONE.

Seven years later, on the occasion of a convention representing over one hundred publishers of popular periodicals known as the Class "A" publications associated with the American Woman's League, Ex-Governor David R. Francis of Missouri, recalled his connection with Lewis of the early days in the following language:

Mr. Lewis says that I am the dedicatior-in-chief of his buildings. I want to tell you in a few words the beginning of our acquaintance. My office as President of the Louisiana Purchase Exposition Company was within sight of this spot. One day, the year before the World's Fair, he sent in his card to me. I was very busy. I had been so closely engaged that I really did not know of his enterprise. He told me that he was going to erect a five-story building and wanted me to lay the cornerstone. I said, "What is it for?" He replied, "The publishing plant of the Woman's Magazine." I said, "Have you got your money?" He answered, "Yes." "Where are you going to erect it?" He said, "Come to the window and I'll show you." He pointed out this spot from my office window. "But," said I, "there is no building there." He replied, "I am going to lay the cornerstone within three weeks. I will have the building up before the World's Fair." He then showed me a circular containing the names of his directors, among them a number of men whom I knew. To make a long story short, I said, "Mr. Lewis, whatever I do in my official capacity as President of the Worlds' Fair, I must account for to the directors, to the stockholders and to the community. I do not even know that you are going to put up your building." "Well," he replied, "how can I convince you?" "I don't know," said I, "except by putting-up one story and leaving the place for the cornerstone vacant. When you have done that, I will lay the cornerstone." I thought he might take offense at that. But he only said, "I'll do it."

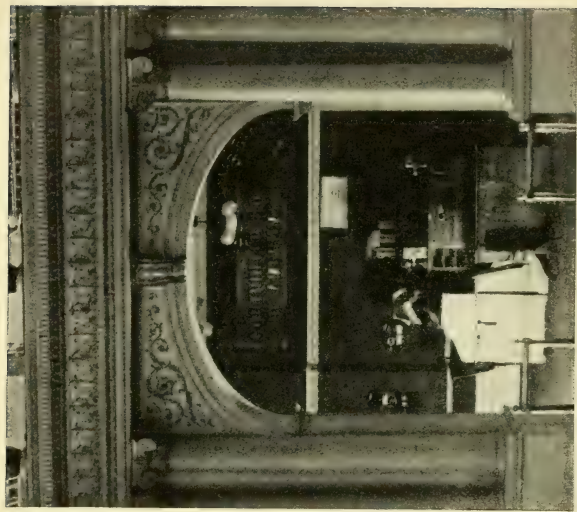
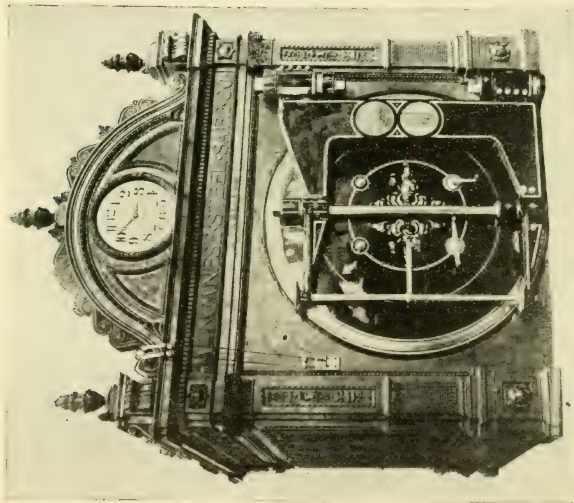
About two or three months later Mr. Lewis paid me another visit and said, "Well, I've got that first story up. Everything is in shape, and I want you to come over and lay the cornerstone tomorrow." I came and laid the cornerstone. He had complied with the conditions as I never knew another man to do before under the circumstances, and he has done the same with every one of his buildings.

The following account of this occasion was published by Lewis in the annual statement of the Development and Investment Company for the year 1903. "On August 28, 1903, the cornerstone of the new publishing plant of the new Lewis Publishing Company was laid by Governor D. R. Francis, President of the Louisiana Purchase Exposition Company, in the presence of a large gathering of spectators. The day was beautiful and about the building were gathered hundreds of the prominent men and women of St. Louis. As the great stone fell into place the sun burst out in a flood of sunshine, which seemed to augur the success of the undertaking. Special cars were run for the accommodation of visitors and full accounts were given in the St. Louis press." Among the guests at the ceremony were Sir Alexandrovsky, Chamberlain to His Majesty the Czar of Russia; Baron Korff; W. B. Stevens, Secretary of the



¹Patents of the Controller Company of America

²Certificate of bronze medal on telephone pay stations of the Controller Company of America, presented by the Louisiana Purchase Exposition Company



The great manganese steel vault which won the Grand Prize at the the Worlds Fair. Afterwards purchased by Lewis for the Peoples United States Bank. This vault was never installed, but is still housed on the premises of the Lewis Publishing Company.
 "Exhibit of the Controller Company of America, which took a bronze medal at the Louisiana Purchase Exposition

World's Fair; Major H. L. Kramer, proprietor of "Cascarets"; Mr. L. E. Asher of Sears, Roebuck & Co. of Chicago, and many of the most prominent men of St. Louis. The speech of Governor Francis was as follows:

Mr. President, Ladies and Gentlemen: The interesting and significant character of the ceremony of laying the cornerstone of this building can be understood when you are told that upon this spot is being erected what will be the largest publishing house in the world. I am not only glad, therefore, but I feel honored to be permitted to participate in the auspicious beginning of so worthy an enterprise. All credit to the man who has conceived this great undertaking! Credit to his colleagues and to all associated with him!

St. Louis is attracting the attention of the world. From now on we shall take pleasure in pointing to this enterprise as one of the indications of the energy and public spirit of a St. Louisan, assisted and encouraged not only by his co-workers, but by the patronage of a million and a half of subscribers throughout the United States and Canada, who read one of his publications. This is another evidence of the progressive spirit that has taken hold of the people of St. Louis. We hardly realize how prominent we are at this time in the eyes of every country on the globe. The question with us is: Shall we prove equal to our responsibilities? St. Louis is on trial and if the people of this city are inspired by the same spirit that moves Mr. Lewis and his colleagues, St. Louis will continue to be prominent in the eyes of the world during at least the life of the present generation.

This auspicious beginning will soon reach a successful consummation, and before the beginning of another calendar year there will have been erected upon this eligible site a publishing house that will yield the palm to none in its equipment or in its external appearance. Near here, I am told, also assured, will be erected a commodious hotel for the accommodation of the hundreds of thousands of visitors who will come to St. Louis in 1904. Speaking for myself, individually, and speaking to the extent that I am authorized to represent the Exposition, I desire to say that we wish this enterprise all success, and I am sure that sentiment will be applauded by the people of St. Louis, by the people of the Louisiana Purchase, and not only by those, but by the millions of readers of the Woman's Magazine that will be issued from this great publishing house.

Let us all wish it unbounded success, and let us hope that with the co-operation and encouragement of the people of this country, and with the favor of Divine Providence, all of the fondest hopes of its originators may be realized.

The work on the new building progressed rapidly and by January 1, 1904, the pressrooms were in full operation, rattling off their millions. The central office building was also practically completed. The business of the Lewis Publishing Company, on the eve of the World's Fair, showed gross earnings of approximately a million dollars per annum, and a net profit at the rate of a quarter of a million dollars a year. The publishing plant was built for cash, in Lewis' phrase, "without mortgage or lien," although the cash paid to the builders during the progress of the work was not wholly that of the Lewis Publishing Company itself, but was (in part) raised by Lewis personally with the assistance of Kramer, and had of course eventually to be repaid out of the earnings of the concern. Lewis' dream of erecting a model publishing plant amidst ideal surroundings outside St. Louis thus became a reality.

Camp Lewis was an advertising promotion scheme of the Woman's Magazine. It was not a business venture for profit. It does not properly belong among the enterprises promoted by the Development and Investment Company. It has, however, been frequently mentioned as such, and may be referred to in this place as a pendant to the story of the origin of the Lewis Publishing Company, and as one of its first and most spectacular achievements. Lewis' own story of this tent episode was thus picturesquely described to the Ashbrook Committee:

CAMP LEWIS.

At the time of the St. Louis World's Fair, I think, possibly, our institution was the best known in America, because of the enormous circulation of our publications. As soon as it was decided to hold the Fair alongside our buildings I became aware that we should have to take care in some way of the tens of thousands of our subscribers who were coming to the World's Fair. I, therefore, arranged with an ex-army officer, Colonel Buzzacott, to erect a great tent city to be called Camp Lewis, to accommodate three or four thousand people at a time. The plan was to have little tents with board floors, electric lights, hot and cold water; also a commissary tent and hospital tents. During the World's Fair we took care of about eighty thousand of our readers in that tent city, charging them the cost. In fact, we did not quite charge them the cost, because I paid a bonus of five cents a meal to the caterer to give them a little extra and better service. I knew that a subscriber who came there to the tent city and got a bad cup of coffee might discontinue his subscription.

Camp Lewis was not a stock company for profit. It was an expense, and cost us sixty or seventy thousand dollars. No one was wronged or defrauded. In fact, those who were our guests there have been our best friends since. People could obtain accommodation in Camp Lewis during the Fair for much less cost than equally good accommodation elsewhere in the city or environs. The camp was beautifully kept, under military order. In passing through one day I noticed a very portly gentleman sitting in front of one of the tents reading the paper, and recognized him as Mr. August Frank of St. Louis, a very wealthy citizen and a personal friend. I asked him what he was doing in our camp, at my expense. He said it was so much nicer than his apartment at the Southern Hotel that he had moved out. I had him run out of camp that evening. The whole affair was to take care of our readers.

Colonel Buzzacott, who had charge of Camp Lewis, was an army officer of twenty years' experience in camp life and head of one of the largest army contracting firms in the world. In every army of this Nation and of Europe the name Buzzacott on camp equipment is a guarantee of comfort and convenience. The colonel had a reputation of his own, and refused to undertake the outfittings and management of the camp unless given a free hand. His estimate of the cost, with cozy tents, iron beds with springs and mattresses, electric lights, comfortable chairs, baths, nursery tent, recreation tent, hospital tent, great dining tent, barber shops, reading rooms, allowing for two hundred residence tents, was ten thousand dollars. To this was added board walks, plumbing and other conveniences, and before it was finished it cost over twenty-five thousand dollars for outfit alone.

The camp was under military management. Colonel Buzzacott was in personal charge. John Thompson, the famous caterer of Chicago, provided the best of meals. A physician was in attendance with the hospital tent, and trained nurses at his disposal. Nurses were provided for the baby tent, where small children could be left in their charge. A smoking tent

and shower baths were free to guests. Every tent had raised floor and electric lights. Broad board walks were laid. About each tent was a lawn of well-kept grass and flower beds. In the centre was a campfire, lighting up the camp at night with cheerful glow, for no camp is complete without a campfire. About this fire frolicking parties were held to the strains of music. No intoxicants were permitted. Meals were given at twenty-five cents, and fifty cents for full dinner.

The original negotiations and agreements between the Lewis Publishing Company and F. H. Buzzacott, contractor to the United States Government, bearing date of March 12, 1912, are still preserved. Every detail of the proposed encampment is set forth with the careful forethought and particularity of the experienced army contractor. Even the proposed bills of fare were detailed in advance. One would judge from these that the meals furnished must have been good arguments for the renewal of *Woman's Magazine* subscriptions.

The correspondence of Colonel Buzzacott during this period with his army associates shows he took great pride in Camp Lewis. His judgment is confirmed by the following letter from Lieutenant-General Nelson A. Miles, Commander of the United States Army. This was written to Colonel Buzzacott under date of July 19, 1904, following General Miles' review of the encampment:

I desire to express the pleasure I experienced yesterday in visiting the Lewis Camp under your control. You have exercised your usual energy and skill in the establishment of this large, commodious and beautiful encampment. It is not only most comfortable, but picturesque, and from my personal inspection appears healthful. Every department seems perfect in design and management.

I congratulate you on your success.

POPULARITY OF THE ENCAMPMENT.

Camp Lewis was generously advertised in both of the Lewis publications and by means of an attractive booklet designed to answer inquiries received by mail. The obvious advantages of its immediate proximity to the World's Fair grounds, the picturesque beauty and healthfulness of the site and the outdoor life under military regulations nearly akin to those of soldiers in the field, appealed to Lewis' readers and the public. Rooms and meals were furnished at a much lower cost than the prevailing high prices. This policy coupled with frequent impossibility of securing quarters in St. Louis hotels and houses during the height of the World's Fair season, contributed to the popularity of Camp Lewis.

Preference was given to inquirers who answered advertisements in the *Woman's Magazine* and the *Woman's Farm Journal*. All this helped to strengthen the bond of confidence and esteem between the *Woman's Magazine* and its readers. Many intending visitors to the World's Fair from rural neighborhoods looked forward with dread to the difficulties of finding their way in so large a city as St. Louis. All sorts of questions were asked and all were patiently answered by personal letter. The success of every mail order house in fact depends largely on this personal note. Lewis

has always struck it instinctively. But Camp Lewis gave him a unique opportunity to act as host to his patrons and he was quick to seize upon and take full advantage of it.

As the needs of the situation developed, Lewis took active steps to meet them and smooth away every obstacle. Badges were provided and sent by mail whereby incoming guests could be recognized by agents stationed for that purpose on the arrival platforms at the Union Station, St. Louis. Other agents were placed at the end of the street car lines adjacent to the tent city. Visitors thus met and warmly welcomed by representatives of the Woman's Magazine, were made to feel at home upon the very threshold of their visit to a crowded city. This impression of friendliness and forethought was strengthened and confirmed by each succeeding day of comfort and entertainment, passed in the cozy white tents perched snugly upon the hillside in view of the World's Fair buildings and under the shadow of the newly erected octagon tower.

The main entrance to the Fair Grounds was but a short walk from Camp Lewis. A pathway was quickly trodden thither across the open fields, now one of the most attractive residence sections in St. Louis. Comfortable omnibuses plied busily to and fro. The entire spectacle of the swarming crowds in the brilliant sunlight amid the white buildings and rows of tents, with Lewis' tower, as gay with bunting as one of the main sights of the Fair itself, must have been one of absorbing interest.

Lewis estimates the total attendance at the camp during the summer at approximately eighty thousand people. The majority of these responded to the captivating invitation in his magazines. The whole affair had the effect of a stupendous advertisement for the Woman's Magazine. The octagonal tower and white tented "City on the Hill" in plain view of the Fair Grounds, attracted the eyes of the entire concourse of sight-seers. The guests at Camp Lewis not only brought with them to the grounds to the Woman's Magazine building, a host of new friends and acquaintances. Their comings and goings led the crowds to follow. Especially on Sunday, when the Fair Grounds were closed to visitors, the premises of the Lewis Publishing Company were thronged with a multitude of curiosity seekers. The entresol of the Woman's Magazine building, and the central marble stairway surmounted by the mezzanine floor and gallery, were literally packed tight with sight-seers from mid-day until a late hour every Sunday.

The homeliness and kindness fostered by Camp Lewis between the little Woman's Magazine and its readers unquestionably accounted in no small degree for the pertinacity with which Lewis' following has clung to him throughout the long years of trial. What this encampment should have meant to the Woman's Magazine by way of additional subscription and advertising revenue, resulting from good will and recommendation by word of mouth, can only be guessed. But that it was much can be told from the sequel. The

whole atmosphere of this city of tents may be taken as representing the finest expression of that mutual confidence and esteem which existed between him and his followers before the taint of suspicion fell upon his enterprises, like a devastating blight, or the scorching breath from the jaws of some monstrous Chimera. The memory of Camp Lewis still lingers in the minds of many thousands of visitors to the World's Fair as among their most pleasant recollections. But to no one does the thought of that tent city bring such mingled emotions of joy and sorrow as it does to Lewis himself.

THE WORLD'S FAIR CONTEST COMPANY.

One additional promotion of the Development and Investment Company remains to be described. This is the really famous World's Fair Contest Company, the only instance among Lewis' many ventures that is known to have occasioned him regret. Yet this concern was probably the most profitable single financial venture which Lewis or the Development and Investment Company ever engaged in. This is how Lewis tells the story:

If there is any of these enterprises of which I have a sense of regret, it is the World's Fair Contest Company. Not that this was not legitimate in every way, but it went against the grain with me. This is the way it happened:

About the time they were constructing the buildings and getting things in readiness to hold the World's Fair at St. Louis, some of the directors of the Louisiana Purchase Exposition Company came to me and asked if I couldn't work out some plan for widely advertising the Fair. I said I would see if I couldn't think up something. At that time different guessing contests were being run all over the United States. The Postoffice Department had made certain rulings as to which were lotteries and which were not. The differentiation was so finely drawn that I have never been quite able to figure it out yet. But, anyhow, they had held that these guessing contests were not lotteries. After looking into the proposition, I said to the directors, "I will tell you how you can arouse interest in the World's Fair that will be of national extent. The human animal is so constituted that he likes to bet a little. If you can get up a contest on what will be the attendance of the World's Fair and carry it to within a week or two of the close, you will have a continuity of interest. Every day the attendance will be closely watched to enable the contestants to make a better judgment as to what the total will be. You can then publish statistics and other information, and the newspapers throughout the whole country will be compelled every day to publish them." I said, "This will be of great value to you as an advertisement, provided you make the purse big enough. If you offer only ten thousand or even fifteen thousand dollars the public will not pay much attention. You must make it something that will compel the whole United States to sit up and look at it." They were taken with the idea, but didn't just like to put up the money.

PRIZES AND PROFITS.

I said, "Well, as my contribution, I will take the chance myself." I then went over to one of the banks and borrowed seventy-five thousand dollars on my note. I took the cash and deposited it in one of the trust companies. Then I offered a first prize of twenty-five thousand dollars. The other prizes were graded down for those who estimated nearest to the total attendance. I will state in this connection a remarkable incident. One man estimated the attendance exactly. He got the twenty-five thousand dollars.

To make it a little more interesting, I added another ten thousand, making eighty-five thousand dollars, all told. This extra purse was for the one who came nearest to estimating the attendance during the early part of the Fair. The contest excited a great deal of interest, but, of course, I took a chance on whether I would get back that eighty-five thousand dollars or not.

There were no stockholders in that, I believe, besides myself, except nominal ones as required by law to form a corporation. There was no loss to anyone except, of course, that those who sent in their estimates put up their money. The estimate coupons were usually sold in connection with newspaper subscriptions, so they had the papers for their money. We sold them to newspapers and magazines, and they used them in connection with subscription schemes of their own. In addition we sold some coupons direct. But the great bulk was sold through periodicals.

I do not remember what the profit was. There were eighty-five thousand dollars in prizes, and the expense of handling it was very heavy. It is hard to estimate the profit. I should say, perhaps, eighty-five thousand dollars profit, all told. The coupons cost twenty-five cents each. What was put up by those who did not win the prizes was lost. Any such loss refers, of course, solely to the person making the estimate. The total cost, including all the expense of advertising and handling, was considerable. The consideration given was the opportunity to win the purse. There was no actual loss in a business sense. In my judgment, those things are purely and simply lotteries, like church fairs and things of that kind. The whole thing was objectionable as an appeal to the gambling spirit of the Nation. Each contestant in return for his money got the excitement and, in most cases, a subscription to a periodical also. Where there was no subscription given he got just the same as if he had paid to go to a show. He got a run for his money.

LEWIS REGRETS THE CONTEST.

This enterprise did not match up with the other things which I was doing. Something came to my attention the first week, which soured me on the whole affair. I would have stopped it then if I could. I saw a letter in the mail from some woman enclosing an amount of three, four or five dollars for a number of estimates in the contest. She expressed the hope that she would win a purse and stated what it would mean to her if she did. In a flash I had a mental picture of the chance she had of winning that purse—one in a million. It was not a fair proposition. I have no hesitation in proposing a business venture, I don't care how much risk there is in it, to men of intelligence, of means and of sound mind, and of saying: "Here is the proposition. If we succeed, we may make a thousand per cent; if not, we shall lose what we put into it. If you fellows want to go in, all right." Then, whether they go in for one or one hundred thousand dollars, is their business. But this contest was totally different. At the same time, it probably did more for the attendance of the World's Fair than any other advertisement.

I would have stopped the World's Fair Contest Company within two weeks after it had started if I could have done so. But I had the money up, had issued the coupons and couldn't stop it. The scheme was submitted to the postoffice and was approved by them. The postoffice then permitted these contests. The Buffalo Fair did the same thing. Similar contests were going on continuously in the newspapers. A large number of the best newspapers in the United States participated in this contest. In fact, my plan was to have the newspapers all over the United States go in on it, and thus give the Fair unlimited publicity every day. The directors of the World's Fair not only considered the scheme good, but looked on it as the most favorable advertising plan in connection with the entire exposition. They were very much interested in it. There was no general con-

demnation of the plan in the newspapers. On the contrary, most of them were using it.

The scheme was not advertised in my own magazine more than in others. We already had our coupons and that made our profit. Of course, we had first to recover the amount of the prizes and expenses. The attorney-general held that the contest was not a lottery. It lacked the element of chance; because the problem could be worked out fairly closely by general averages and by consideration of the extent of the advertising, and so on. As upholding that contention it was remarkable how close a great number of estimates came to the actual total attendance. The courts passed upon the matter and held that the estimates were so close as to prove it was not a gambling scheme. The contestants were allowed to withhold their estimates until within two weeks of the close of the Fair. There was litigation afterwards between contestants. The capital prize was claimed by two different persons. We decided, therefore, to have the purse awarded by a committee. The judges had been named in the literature. They were representative business men of St. Louis. But when the litigation arose we paid the money into court and let the court decide.

WILLIAM JENNINGS BRYAN OBJECTS.

The World's Fair Contest Company immediately provoked serious criticism, of which the following open letter by William Jennings Bryan to Postmaster-General Payne, Washington, D. C., reprinted from *The Commoner* of July 17, 1903, may be taken as an illustration:

Dear Sir: I enclose a circular sent out by a St. Louis company which is conducting a guessing contest based upon the number of admittances to the Louisiana Purchase Exposition. You will see that the sum of seventy-five thousand dollars is offered in prizes, the estimates being sold for twenty-five cents each, or five for a dollar. The company is soliciting the aid of newspapers throughout the country to advertise the contest. It is apparent from the advertisement that this is even more demoralizing than the ordinary lottery, because the low price of the ticket and the large capital prizes promised are more alluring to those who are susceptible to the temptations offered by a lottery. It is also less fair than the ordinary lottery, because the contestant has no way of knowing how many competitors he has. In the public lottery the prizes usually bear a fixed and known proportion to the amount received for tickets, but in this case the company may take in ten or a hundred times the amount paid out in prizes. The concluding paragraph of the advertisement discloses the gambling character of the institution. It reads as follows:

"A good investment. Better than stocks and bonds. We are receiving from shrewd business men from the large trading centres, monthly orders for certificates, they claiming that the investment is safer and the possibility of large gain greater than investment in bonds, life insurance or any of the speculative stocks offered on the boards of trade in the various commercial centres. Most of them purchase certificates systematically—that is, send in every month for from one to five dollars' worth. Almost everyone can economize a few cents a day, and the funds thus saved can be invested in certificates and, with a hundred or more certificates in your possession, you are likely to wake up some morning and find yourself the lucky possessor of an independent fortune. It hardly seems reasonable that with a hundred certificates one could miss ALL of the 1,889 prizes."

Please let me know whether the Department has issued any order on the subject, and whether or not such a contest is regarded as a violation of the anti-lottery laws.

The reply to the above was a letter over the signature of C. H. Robb, assistant attorney-general for the Postoffice Department, dated June 23, 1903, which is in substance as follows:

It is unquestionable that the effect upon the public of these so-called guessing contests, considering the elaborate plan upon which they are offered, the very large prizes, etc., is almost as pernicious as that of ordinary lotteries, and it is the disposition of the Postoffice Department to scrutinize very carefully all such schemes and to deny them the use of the United States mails where authority of law can be found. In all such cases the Department must be governed by decisions of the Federal Courts and opinions of law officers of the Government.

From sundry legal opinions quoted, the conclusion is reached that the scheme is "beyond the reach" of the Postoffice Department; that is, in other words, legal, "unless it shall develop that fraud is being practiced in its operation."

INDICTMENTS FOUND AND QUASHED.

Notwithstanding that one of the opinions affirming the legality of such contests was that of Attorney-General Knox in connection with the Pan-American Exposition at Buffalo, Assistant Circuit-Attorney W. S. Hancock of St. Louis attempted to put the World's Fair Contest Company out of business. Lewis thus refers to this incident:

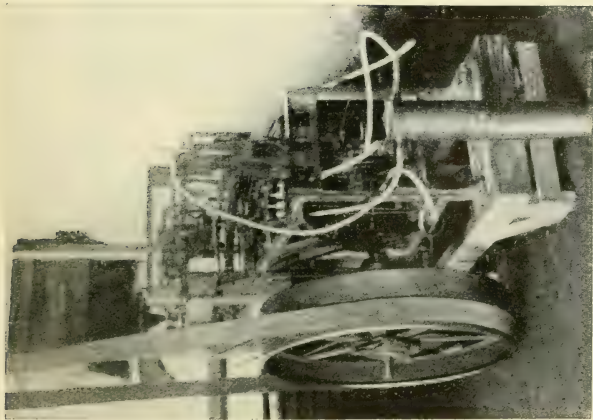
Toward the close of the contest the assistant circuit attorney saw fit to secure an indictment against the promoters, as well as against the promoters of a similar contest conducted by the St. Louis Daily Star. This indictment was quashed. A new information was filed by the same officer. That was quashed. He then brought still another indictment. That was also quashed by the courts. All were dismissed entirely on the merits of the case. This persecution on the part of a local officer brought the contest into disorder and resulted in great damage and loss to those associated with it.

SETTLEMENT OF THE CONTEST.

Lewis requested permission of the grand jury to appear before that body and submit to it the above facts and legal opinions, but was refused. The officers and directors of the World's Fair Contest Company were indicted. A very careful review of the law and judicial precedents on the subject was then made by counsel for the company who expressed the following conclusion:

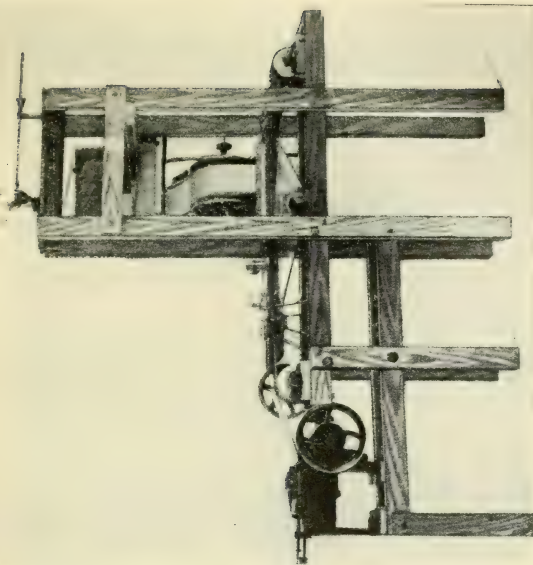
The substance of the leading decisions in England and America is that where a contest of estimates contemplates the exercise of the intellectual factors, or calculation, judgment, skill or experience of the competitors, and not mere chance alone, the project is not a lottery. Your project obviously involved such a problem. It can not be regarded as a lottery in any aspect, according to the decisions above cited. The estimates which your patrons will furnish involve not merely careful calculation of probabilities, but they conduce to a widespread study of such subjects and of the history of all of the great World's Fairs. These features broadly differentiate your project from one where mere chance determines the issue.

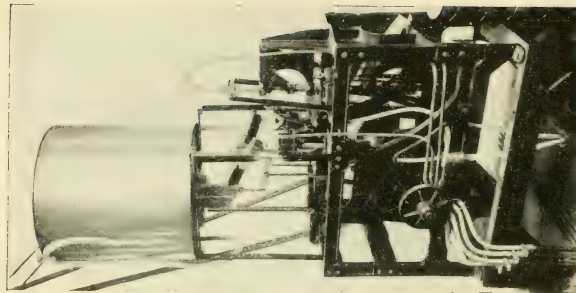
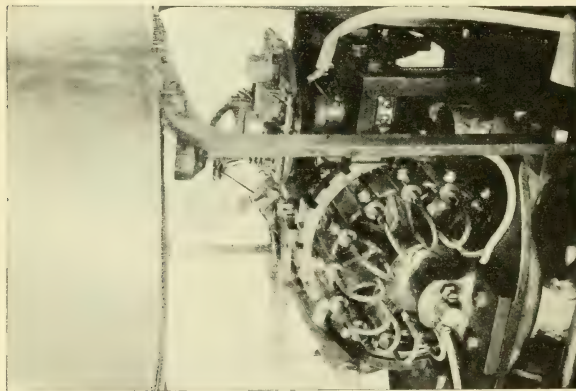
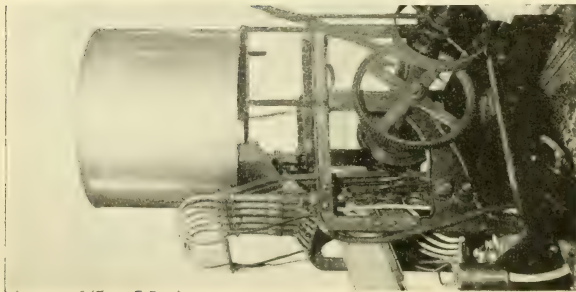
We conclude that your project is not a lottery. We coincide with the official decision of the learned and eminent counsel of the United States Postoffice Department on that subject, as applied to this very company and to this kind of contest.



Paper cork machines of the United States Fibre Stopper Company.

Inventor's second model completed by J. H. Rivers and exhibited to the directors in October, 1903. This model was the basis of Lewis' comments in the annual statement of the Development & Investment Company, of January 1, 1904. Inventor's original model exhibited to Lewis by Rivers in May, 1902. This was pronounced by the inventor a practical machine and was the basis of the company's first sale of stock to the public





Paper cork machines of the United States Fibre Stopper Company

¹Fourth model for the manufacture of fibre disks used in bottling with crown tin caps. Completed by Rudolph Goch in February, 1906
²Fifth model designed to produce size 100 fibre stoppers, the smallest size on the market. Completed by Goch in May, 1906
³Third model, said to be a practical mechanism. Completed by Goch, October, 1904. Several machines of this type have been constructed.
 Seventy-seven patents on the above machines and processes have been secured in the following different countries: United States, Great Britain, France, Germany, Japan, Mexico and Canada

The effect of this brief was apparently conclusive that a conviction could not be sustained. The indictments were quashed and the contest suffered to go on. A four-page newspaper supplement under date of March 30, 1905, still preserved by Lewis, contains a list of the names and addresses of the winners. It bears the following statement:

Many urgent efforts have been made to obtain from the Louisiana Purchase Exposition Company the paid attendance at the World's Fair in a form that was not subject to revision. It was the latter part of February before the secretary gave us a final statement of the paid attendance. Immediately, the Missouri-Lincoln Trust Company was authorized to turn over to the judges the coupons of estimators which had been locked up in their safety deposit vaults. The judges at once undertook the enormous labor of making the awards, and on March 30 gave us the list of awards and names of the successful contestants. Winning certificates should at once be forwarded to the Missouri-Lincoln Trust Company through any bank or banker or express company. The capital prize of twenty-five thousand dollars and the special prize of five thousand, five hundred dollars for nearest correct estimate made between January 1, 1904, and May 1, 1904, being in dispute among several claimants, will be paid into court to the account of the rightful claimant or claimants as soon as the proper court order can be obtained.

Following is a reproduction of the letter of the judges with their signatures:

St. Louis, Mo., March 30, 1905.

World's Fair Contest Company, St. Louis, Mo.

Gentlemen: We, the undersigned committee, appointed by you to ascertain the successful contestants in the World's Fair contest, beg to report that we have carefully examined the coupons deposited by you in the vaults of the Missouri-Lincoln Trust Company, and hand you herewith a list of names and addresses of the successful contestants; together with their estimate and the amount of the prize to be awarded.

The examination of coupons was conducted under the personal supervision of the committee, one or more members being in constant attendance each day from the time the vault was opened by the Missouri-Lincoln Trust Company until closed. Every possible precaution was used by the committee to insure absolute fairness in the awards.

(Signed)

LON V. STEPHENS, Chairman.

F. J. CARLISLE.

CONRAD BUDKE.

G. A. WURDEMAN.

The World's Fair Contest produced an enormous volume of correspondence, including not a few protests and controversies of various kinds. The delay in settlement accentuated these difficulties, and added to Lewis' regret over the entire affair.

THE POSTOFFICE INSPECTORS' REPORT.

A statement of the operations of the company was submitted to the postoffice inspectors in the spring of 1905, shortly before the awards were made and the contest finally closed. Not content with this statement, the inspectors submitted a list of thirteen questions demanding supplementary information. Lewis responded fully and submitted a complete list of some three hundred co-operating news-

papers and magazines. He also supplied a list of the awards and the names and addresses of the winners.

The inspectors' report, under date of June 5, 1905, states that the case had been investigated by Inspector J. D. Sullivan in October, 1903, who recommended that the inquiry be closed because of the ruling of previous attorneys-general that such a guessing contest was not a lottery. Subsequently, the Postoffice Department found a way to decide that such contests were a violation of the Postal Laws and Regulations. The case was then re-opened and again assigned to Inspector Sullivan who reported the facts to the United States attorney. But no action was taken.

After rehearsing the history of the concern, the inspectors' report proceeds to comment upon the committee of awards in the following language:

None of the Committee of Awards are connected with any of Lewis' enterprises, except that Lon V. Stephens and F. J. Carlisle are bank stockholders. The reputation of each member of this committee may be called good. Conrad Budke is connected with Nelson Chesman Company, an advertising firm that has freely patronized Lewis' publications. He is very friendly. Judge G. A. Wurdeman was formerly probate judge of St. Louis county. Carlisle recently had an arrangement with Lewis by which he was to join Lewis and his associates in buying the St. Louis Star, an evening paper. He informed us today that he had arranged with Lewis to borrow \$66,666.66 on his individual note unsecured, to pay on this purchase. Carlisle is said to be worth not exceeding five thousand dollars, so that very friendly relations exist between him and Lewis.

After commenting further upon the settlement of the contest the inspectors express the following conclusions:

As this contest company is now dead, so far as using the mails is concerned, and as Mr. Lewis submitted the plan of this company to the assistant attorney-general for the Postoffice Department and received assurance that his plan was not a lottery, and that his literature, when amended as suggested, was permissible to be sent through the mails, and many newspapers which were carrying advertisements for the World's Fair Contest Company were informed that the advertisements were legitimately sent through the mails, and afterwards, when the Postoffice Department made a ruling that similar guessing contests were a lottery, an exception was made of all contests in progress where no fraud in conducting same could be shown, we are of opinion that no jury could be now found that would convict Lewis or anyone connected with the company of circulating lottery matter through the mails, under the circumstances; but the matter having been submitted to the United States attorney for an opinion, we think due courtesy to him calls us to hold the case open until he has expressed an opinion. We, therefore, submit this report for consideration in connection with our recommendations in cases Nos. 39610-C and 52586-C for a fraud order against the People's United States Bank, as indicating something of the character of E. G. Lewis, who was president of this company and now president of the bank.

This company and the Lewis Publishing Company are the only concerns among the many enterprises owned, controlled and managed by E. G. Lewis that made any profit during the year 1904, and we think that success in a lottery enterprise does not commend him as a bank manager.

An official memorandum by E. W. Lawrence, an assistant in the office of the assistant attorney-general for the Postoffice Department,

was served on Lewis under date of May 25, 1905, containing a list of the enterprises with which he was alleged to have been identified during the past ten years. This list included three other schemes which have not been mentioned. One of these was an electric railroad company, unnamed. Lewis was never identified with such a scheme, never proposed, promoted, or invested in an electric railroad, and states that he is wholly at a loss to know how the inspectors got hold of this particular idea. In the course of his investigation by the Congressional Committee this colloquy took place:

MR. AUSTIN. Did you finish about the electrical railroad company?

MR. LEWIS. I will have to leave that to the postoffice inspectors. In looking back over my mental catalogue I cannot find any electric railroads. I may have one concealed about me somewhere, but I do not recall it.

THE BACHELOR PNEUMATIC TUBE COMPANY, CALIFORNIA VINEYARDS COMPANY AND OTHERS.

The other two schemes with which Lewis was said to be identified were the Bachelor Pneumatic Tube Company and the California Vineyards Company. As to the first of these, Lewis acted as agent for a friend in procuring a Missouri charter; as to the second, he was merely an investor. The official memorandum of the Department sums up its list with the following sentence: "Many of the above named schemes have been failures; the practices of Lewis in conducting them have been questionable and some of the schemes were fraudulent." The accuracy of these conclusions may now be judged by the reader himself. They are on a par with the allegation that Lewis was identified with an electrical railroad or with the California Vineyards Company or with the Bachelor Pneumatic Tube Company. As to these concerns Lewis says:

The Bachelor Pneumatic Tube Company was not my company. John Mulholland, the president, is a personal friend of mine. He came to St. Louis preparatory to bidding on the transit of the mail in St. Louis. To secure the contract he had to form a company in Missouri. Before he could complete his arrangements in St. Louis, he was telephoned for to come back to New York. He then asked me to take out the charter of a small Missouri company for him. The stock was a few thousand dollars. He asked me to put up the money to secure the charter and said he would send me his check for the amount on his return. He did so, and then took over the corporation and elected the proper officers.

Bachelor was the name of the inventor. I was not interested as a stockholder, or in any other way. I simply secured the charter and he reimbursed me for the expense. I did not sell any stock, or advertise it, or have any financial interest in it. I never heard of it again. Of course, I have heard of Mr. Mulholland again. He is one of the stockholders in the Lewis Publishing Company and is still a personal friend. I believe that concern is putting in the same pneumatic tubes in London.

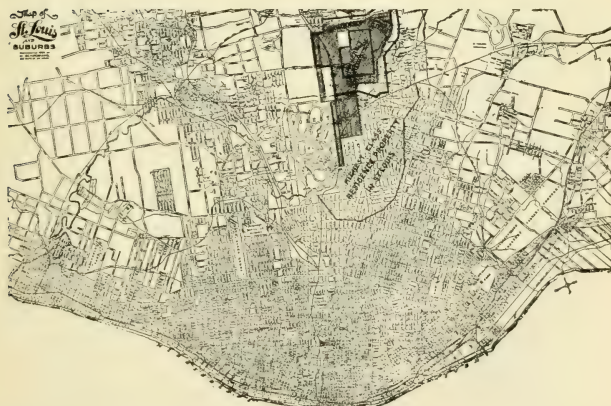
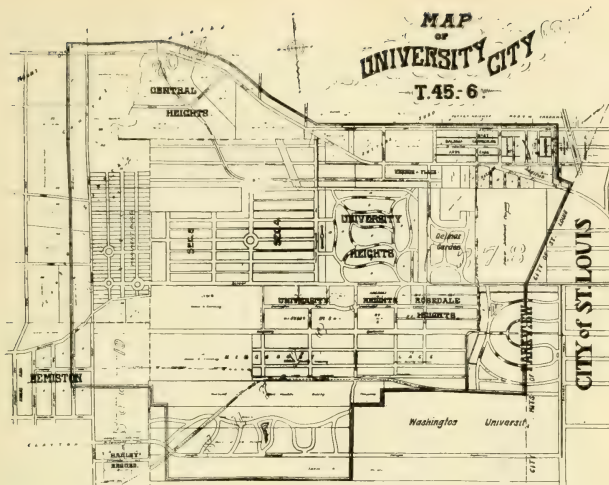
The California Vineyards Company was a company for the development of the Tokay grape business in California, in which I took some shares. I did not organize the company. Mr. W. H. Verity of St. Louis, a successful business man, went to California and became interested in the grape business. He came back to St. Louis and called on me, among others, and got me to invest three or four thousand dollars in a company to purchase several hundred acres of Tokay grape land out there.

Before doing so, I consulted Mr. John A. Lewis, cashier of the National Bank of Commerce, who was a friend but not a relative of mine. He wrote to banks in California and had them inquire carefully and send him an exhaustive report. On this report, which was excellent, a number of us put money into it.

I believe it has proved very successful. I know I got my money back. In addition, I sold the eight bonds I had, each representing an acre, at what was considered a great sacrifice, as I was then in desperate need of money, for four thousand cash. We had several full-page advertisements in our magazine for the sale of bonds, each bond representing an acre of land. A trust company held the title to the land until the vines came into bearing. The division was to be after so many years. I understand it has worked prosperously. The only interest I had were those eight bonds and I believe a thousand dollars of the stock. I did this for Mr. Verity, just as others were doing the like for me. I inquired into it, found it good, and put in a few thousand dollars. I allowed Mr. Verity to use my name as having done so. I believe he used my name as one of the directors. I do not recall any editorial endorsement of it, as that was against the policy of the paper, unless it was our own enterprise, for which we took responsibility, and such was not the case.

In addition to the above concerns, Lewis occasionally bought a small block of stock in a speculative scheme in which a friend or acquaintance happened to be interested. Among such investments were a few shares of the Becky Sharp and the Sempire Oil Companies, respectively. These two concerns are elsewhere listed among the "false and fraudulent schemes" which he promoted. These facts are mentioned only to show with what care the candid reader must discriminate between the facts of record as to Lewis' career and the great mass of apocryphal legends with which the inspectors and the newspaper paragrappers have industriously embroidered it.

The story of Lewis' activities as promoter is summed up in the merger or holding company, which he created as a means of financing his various enterprises. This concern was also designed in the event of his death to take charge of and manage his estate. Lewis, therefore, made over to it all of his stock holdings in his own enterprises together with the stock and bonds which from time to time he purchased for investment. This concern thus became the principal financial instrument employed by Lewis in building up his credit. This process we are next to consider.



¹Map of University City

²Map of St. Louis. The shaded section shows the property included in the University City Improvement Plan

No. 7 St. Louis, Mo. Nov 1st 1902

The Development and Investment Co.

Pay to *A. P. Oakley Trust* or order \$1,000,000

One million Dollars.

National Bank of Commerce The Development and Investment Co.

ST. LOUIS, MO. *E. G. Lewis* Treasurer


St. Louis, Mo. Nov 1st 1902 No. _____

THE NATIONAL BANK of COMMERCE in ST. LOUIS

PAY TO THE ORDER OF *Development & Investment Co.* \$1,000,000⁰⁰

One million DOLLARS

University Heights Realty & Devel. Co.
A. P. Oakley Treas.

 \$340,000⁰⁰ St. Louis, Mo. Nov 1st 1902


On demand Pay to

the order of *University Heights Realty & Devel. Co.*

Three hundred & forty thousand Dollars

Value received and charge the same to account of

To *J. P. Richman*
by *J. P. Richman* St. Louis, Mo. *A. P. Oakley*

 \$340,000⁰⁰ St. Louis, Mo. Nov 1st 1902


On demand Pay to

the order of *University Heights Realty & Devel. Co.*

Three hundred & forty thousand Dollars

Value received and charge the same to account of

To *J. P. Richman*
by *J. P. Richman* St. Louis, Mo. *A. P. Oakley*

 \$320,000⁰⁰ St. Louis, Mo. Nov 1st 1902

On demand Pay to

the order of *University Heights Realty & Devel. Co.*

Three hundred & twenty thousand Dollars

Value received and charge the same to account of

To *J. P. Richman*
by *J. P. Richman* St. Louis, Mo. *Guy A. Harp*

Facsimile of check for \$1,000,000 signed by E. G. Lewis. Also other commercial paper employed in the organization of the University Heights Realty and Development Company, November 1, 1902

CHAPTER XI.

IS CREDIT A DISCREDIT?

COMMERCIAL AGENCY REPORTS—E. G. LEWIS CAPITALIZED—ORIGIN OF THE DEVELOPMENT COMPANY—DIVIDEND AND PROFIT-SHARING CERTIFICATES—HOW FUNDS WERE RAISED—EARNINGS AND DIVIDENDS—THE QUESTION OF GOOD FAITH—THE INSPECTORS' REPORT—A MILLION DOLLAR CREDIT.

"I am accused by the inspectors of doing business on credit," exclaimed Lewis on one occasion, "as if having credit was a discredit. I had a total banking credit of over a million dollars at the time the first of these attacks was made. How did I get that credit? I was not born with it. I got it, because the banks of St. Louis, Chicago and other cities had handled about two million dollars of my commercial paper, and I had always paid my notes when they fell due."

Most business men will agree with Lewis that the building up of a line of credit in the brief span of five years from nothing to a total of one million dollars is by no means the least of his spectacular achievements. For the inspectors assert that shortly before Lewis and Nichols started the Winner Magazine in 1899, they owed nothing, for the reason that their credit was "below toleration." How then did Lewis acquire the credit which enabled him to finance the magazines, the inventions, the real-estate deals, the great buildings, the model city, and many other ventures, the story of which has now been laid before the reader?

COMMERCIAL AGENCY REPORTS.

The reports of the great commercial agencies are like the readings of a kind of business thermometer. They register the rise and fall of the credit of business men, and record the opinions of experts as to their financial status. The inspectors were quite correct in saying that Lewis had no credit at the time he started the Winner Magazine. This is shown by the following extract from a report of one of the great commercial agencies, dated February, 1899:

Edward Gardner Lewis is married, aged about thirty years. He claims to own his residence at 769 Euclid avenue, worth about six thousand, five hundred dollars, and encumbered for three thousand, five hundred dollars in his own and his wife's name. He also claims ten thousand dollars' worth of stock, and three thousand dollars first mortgage bonds in the Hunyadi Salts Company. He says that he owes borrowed money and notes outstanding in Connecticut, and can not state his debts, but that they are considerable. He was formerly a salesman for the Moffett-West Drug Company, and was said to be shrewd, energetic and of good habits. He was later one of Lewis & Leonard under the style of the Diamond Candy Company on Main street, who failed. He was president of the Hunyadi Salts Company. Their affairs are in litigation, and his interest is deemed of little value. He is president of the Progressive Watch Company in the

Ozark building. They have several schemes which bring them profit with but little outlay. Lewis is also salesman for Nelson Chesman & Co., an advertising agency. We hear nothing against him personally, but he is not thought desirable for credit. He is believed to be largely in debt, and worth nothing available to creditors.

A more unpromising basis on which to rear a towering financial structure would be difficult to imagine. Yet, less than two years later, the same commercial agency records the fact that Lewis had at last laid hold of the first rungs of the commercial ladder, and was mounting rapidly. At the risk of some slight repetition of events with which the reader is familiar, we add this review of Lewis' progress as showing the impression he was then making in the best informed commercial circles.

Lewis is now about thirty-two years of age. For years he was in the employ of various drug houses here and elsewhere, but for some time past has been operating on his own account under various styles. Some few years ago he organized the Hunyadi Salts Company, of which he was chief owner. He is understood to have placed the business on a paying basis; but on account of injunction proceedings instituted against the company to restrain it from using the style adopted, the business ran down. He is understood to have lost about all his means. After several other ventures, he organized with others the Mail Order Publishing Company. He became president and manager, but on account of old matters holding over him, he holds only a nominal amount of shares. The company publishes the monthly journal called the "Winner," subscription price ten cents per year. This has met with pronounced success. It claims a circulation of four hundred thousand copies, is well patronized by advertisers, and has proved a source of large revenue to its owners. Later on he invested in what has since become known as the telephone coin controller and Lewis addressing machine.

In June, 1901, he organized the Development and Investment Company under the laws of Missouri, of which he and his wife are sole owners. The object of this company was to take over the controlling interests in his publishing business and other enterprises. He was elected president and treasurer of the company. These offices he still holds.

He is reported as possessed of more than ordinary ability. He is very ingenious and energetic, and has succeeded in associating with him some prominent and wealthy citizens, who are of the opinion that he has a very bright future. The affairs in which he is identified are increasing in volume continually. So far he has proved equal to the task of taking care of them. His financial responsibility is thought to rest entirely with the various businesses above enumerated.

The passing of another year added these items to the reports of the commercial agencies which, as all business men know, lie at the basis of financial credit:

Lewis is not engaged in any business, individually, though he is president and principal owner of the Development and Investment Company, president and treasurer of the Lewis Publishing Company, president of the Controller Company of America and interested in several other corporations, in all of which he is very active. He owns a controlling interest in all of these companies, which is vested in the Development and Investment Company, a Missouri corporation, capitalized at one hundred thousand dollars, full paid, with a large surplus. Individually, he owns his residence at 769 Euclid avenue, worth about eight thousand dollars. He generally carries a balance of from five thousand to ten thousand to his credit in bank.

He began business here some years since on a very modest capital. He has displayed unusual ability and application, and has met with more than ordinary success. He is founder of the Lewis Publishing Company, in which his largest interests centre. From this he is understood to receive very large profits. The University Heights Company is also regarded as a valuable asset. The other corporations have as yet not been placed on a paying basis. They are being financed by capital obtained on the paper of the Development and Investment Company.

In his various enterprises Mr. Lewis has enlisted the aid and influence of many of the most prominent and influential citizens of this community. He is well spoken of by his bankers, where he has been able to secure accommodations in sums ranging from twenty-five thousand to one hundred thousand dollars. These he has taken care of satisfactorily. His success has been obtained during the past four years. Well-posted authorities do not hesitate to proclaim him ingenious, and of unusual executive ability.

E. G. LEWIS CAPITALIZED.

Such is the contemporary account of the stages by which Lewis' line of credit was built up. His chief financial instrument was the Development and Investment Company, which he organized in June of 1901. It is the story of that concern with which the present chapter has to do. This is his own story:

I was then actively engaged in a number of different enterprises in St. Louis. In some of them I bore the relation of a guarantor to those who became associated with me. I made myself personally responsible for the outcome. But, in another class of enterprises, I simply went in with other men on an equal footing. We all took the same chances. My judgment in the promotion of new enterprises began to be somewhat considered. I was invited to become director in one company after another. I was offered considerable interests in different concerns for the use of my name. I stood well in the community at that time, and had built up a considerable banking and mercantile credit.

I was at that time a heavy borrower. I was indebted to my banks for immense sums, utilized in building up my various enterprises. Whenever I could borrow a large sum at six per cent, and make fifteen or twenty per cent on it, I did so.

ORIGIN OF THE DEVELOPMENT COMPANY.

The question frequently came up with men like Major Kramer and others: "Lewis, you are in a number of enterprises. If you dropped dead one night there would be chaos. Why do you not execute some sort of a trust agreement to take up all your interests and hold them intact, so as to carry them on in the event of your sudden death?"

Another reason why I started the Development Company grew out of an incident which happened while I was financing the Winner Magazine. I started that paper with a capital of \$1.25, a right idea and the determination to make it the greatest magazine in the world. With little credit and no capital I soon met the usual problem of ready money. I had to sell a one-fifth interest to Mr. McMillan of the St. Louis Union Trust Company for five hundred dollars. This sum was enough to give me a good start. Three months later I went to the banker and told him I wanted to buy out his fifth share of my paper. I said frankly that in my opinion his fifth share would in a few years be worth a fortune, but that I would give him five thousand dollars for it. He decided to take me up. I raised the money and paid him out. This was one thousand per cent bonus on five hundred dollars in three months. This set me thinking. I thought in future I ought to be able to finance my enterprises myself.

With these thoughts in mind, I evolved a holding company, which I called the Development and Investment Company, representing practically myself incorporated. This concern was to hold all of my interests in the different enterprises. It was thus practically a controlling company over them all. I then arranged with several prominent men, including Major Kramer, L. B. Tebbetts and others, to become the trustees in such a way that, in the event of my sudden death, they would have become the actual directors of the company with full control of all these properties. They would, therefore, have been in position to conserve and hold them together without any disturbance of their relations, and to carry out all my obligations. This plan was adopted to avoid trying to write a will which would cover and protect everything in the event of my sudden death.

The Development and Investment Company absolutely controlled all the other enterprises as the owner of a majority of their stock. It was, therefore, secured by their combined assets. With me were associated strong and able men as officers and directors. During my life they assisted and advised me. In the event of my death another president would be elected, and a fund of four hundred thousand dollars in cash would come into the treasury from my life insurance, to offset any bad effects my death might have.

The Development and Investment Company was, therefore, organized under the laws of Missouri in June, 1901. The capital stock was five hundred thousand dollars, but the assets were many times this. I held all the stock except one or two shares issued to Mrs. Lewis and someone else to comply with the law. I executed a trust deed on my stock so that in the event of my death the trustees would become directors and step in for the benefit of the stockholders. This was independent of the organization of the company, and supplementary to it.

HOW FUNDS WERE RAISED.

The organization of this company put a new status to all that I was doing. I was no longer an individual! I became a corporate being, all concerned knowing, however, that I was practically the entire corporation. As an illustration, I could issue a note or bond in this Development Company for five or ten years, whereas I could only borrow as an individual for periods ranging from one to six months. In my activities I had found that a large part of my time was taken up in looking after my loans and their renewals. I was now able to get the money for a longer period and at more reasonable rates of interest, and to avoid the payment of commissions to secure loans. All this I felt that I was entitled to do.

The company at first issued these notes to men like Major Kramer and other friends and associates of mine. They took large amounts, because the notes were made at first with a high rate of interest and for a long period of time. First, they were for twelve per cent. This was not unusual then. I have paid more than twelve per cent many times since to some of the banking institutions of the West. This was on time loans. The usual process in such cases is to pay the legal rate of interest, together with a commission to someone for investigating and recommending the loan. The legal rate of interest in Missouri was at first eight per cent. Then it was reduced to six per cent. Now it is five per cent. I paid on the notes of the Development and Investment Company at the rate of twelve per cent for about a year. Then I was able to reduce it. I afterwards reduced it again and again. The safer the enterprise became and the more established, the lower the rate I could borrow at. That stands to reason. Large amounts were purchased by my friends. This gave me a new money resource.

The note, in addition to its interest, had a profit-sharing feature. It participated in the earnings of the stocks which were its assets. A statement was made from time to time to the investors as to what were the assets of the institution and what stocks it was to hold. My recollection is

that I transferred practically all my properties and holdings to the Development Company. As far as I can recall, I left out nothing but my personal and private property, like my watch and clothes. There were some interests of a personal nature which did not enter, as for instance my own home, which was built and owned by Mrs. Lewis. Everything that I held in the way of business investment went to the company. I transferred to it all my stock in the Winner Magazine, the Woman's Farm Journal and the Richarz Pressrooms. I assigned all my patents. I promoted the Lewis Publishing Company through this concern, and then assigned to it all my stockholdings in that, although I afterwards acquired considerable interest in the Lewis Publishing Company in addition. All this property, therefore, stood as security for the notes; but, whenever I was requested to do so, I endorsed the notes as well as signing them as president of the company. I did not endorse every note because, for instance, Major Kramer and other personal friends and associates did not ask me to do so.

This Development and Investment Company went on for seven or eight years. The salary which I received individually from the various corporations did not go into the Development Company; but it received the earnings of the stock and of the interests which they represented. This was specifically set forth. I drew a salary from the Development Company as its president.

DIVIDEND AND PROFIT-SHARING CERTIFICATES.

In addition to the notes of the Development and Investment Company taken by Lewis' friends and associates, he issued after its organization in June, 1901, during the remainder of that year, and also during the first six months of 1902, two forms of securities. One of these was a guaranteed dividend, the other a profit-sharing certificate. Both matured in two years from the date of issue. Interest on the first of these was payable monthly at the rate of one per cent of its face amount. The principal was payable at maturity. The right was reserved to the directors to call in the certificates on payment of principal and interest. The investor also retained the privilege of withdrawing his investment within thirty days after demand, less dividends previously earned. In the language of this document "the side which demands the cancellation of the certificate before maturity loses the dividends."

No interest was guaranteed upon the profit-sharing certificate. The holder was entitled instead to share in the profits of the concern "on all its investment properties, in proportion to the profits accruing on all outstanding certificates, and in the increment in value of all said investment properties as evidenced by their increase in valuation between the date of its issue and the date of its maturity." The cash profits were said to be payable monthly; the increments in value, at maturity or cancellation of the certificates. The same rights were reserved to the directors and the investors respectively, of calling in the certificates and refunding the investment, or withdrawing it on thirty days' notice, as in the case of the other issue.

Applications for between four and five hundred of these certificates are still on file in Lewis' vault, chiefly from small investors, ranging from sums of ten dollars upwards. Many are in the hundreds; a few, in the thousands of dollars. The dates of issue range

from July, 1901, to July, 1902. The vouchers are numbered serially. They appear to constitute nearly, if not quite, an entire issue. With them are filed the receipts of the investors for dividends and accrued profits. According to these the guaranteed interest at the rate of one per cent per month appears to have been promptly paid. A dividend on the profit-sharing certificates was paid in January, 1902, for the period from the beginning of the concern in June, 1901, to the end of the year, at the rate of two and a half per cent each month, or thirty per cent per annum. Vouchers are on file showing the payment of the guaranteed rate of interest during the early part of the year 1902, and also of dividends on profit-sharing certificates at the rate of three per cent per month, or forty-eight per cent per annum.

EARNINGS AND DIVIDENDS.

The assets of the Development and Investment Company during this period consisted of Lewis' holdings in the Mail Order Publishing Company, the Farm Journal Company, the Richarz Pressrooms Company and the undeveloped patents of the addressing machine, the steam trap and the telephone controller. Hence the above dividends, if earned, must have been represented by dividends on the stocks of the three going concerns, or by the sale of stock in them, or in one or more of the undeveloped enterprises.

Lewis' break with Nichols, it will be remembered, occurred in May of 1902. The latter asserts as one of the grounds of his willingness to separate from Lewis, that the dividends paid by the Development and Investment Company, of which he was secretary for something over a year, were fraudulent. He says that they were paid out of alleged profits made by other companies when, in fact, there had been no profits. Nichols, however, admits that he was not well enough acquainted with the business to even understand the nature of its securities. He further asserts that the Development and Investment Company, although designed to be a holding company, never held the stocks of other corporations as long as he was with them. In view of the fact that Nichols' signature actually appears upon a large number of certificates of stock transferred to the Development and Investment Company by Lewis in these same enterprises, Nichols' testimony on this head would appear to be wholly without value. Nichols further says:

Lewis also had half a dozen things in mind. Among these was the scheme of the University Heights Company. I did not like that. I told him that it was not proper and not right, and that I really didn't care to go into it. He also had on foot the proposition of putting up a great big building, as he afterwards did. I could not see where he could get the ready money with which to put up such a building. All this made me timid about staying with him. I was afraid Lewis would get into trouble on account of his Development and Investment Company.

The truth appears to be that Nichols was so much absorbed with the detail of the work of the Winner Magazine that he paid comparatively little attention to Lewis' outside ventures. Nichols

admits that he was not familiar with accounts and that, though all the books were open to him, he could not even tell whether or not the company was making money. His personal interest appears to have been confined to the Winner, and to his salary. His objections to Lewis' other enterprises seem to have been in large part due to a belief that they were absorbing Lewis' time, funds, and energy, to the disadvantage of the publication business. Nichols, with more modest ambitions, would have been content to let well enough alone.

Nichols, in short, failed to grasp the true functions of the Development and Investment Company, either as a holding company for Lewis' going concerns (such as the Mail Order Publishing Company, the Farm Journal Publishing Company, and the Richarz Pressrooms Company); or as fiscal agent for the promotion of new enterprises. Yet his opinions were accepted by the inspectors and became the standard by which Lewis was later judged. It is therefore important both that the facts should be clearly understood and that Nichols' limited conception of the nature and extent of Lewis' various schemes should be fully realized.

A going concern must first meet its current obligations and interest on its secured indebtedness, if any, before it can pay dividends upon its stock. Such dividends must then be formally voted by its board of directors, in accordance with the rules prescribed by its articles of association and by-laws, and by the statutes of the state under which it is incorporated. None of the going concerns, stocks of which were held by the Development and Investment Company, declared such dividends during the years 1901 and 1902. Hence, no such earnings on their stocks held by the Development and Investment Company were available during the period when it was offering its own guaranteed dividend and profit-sharing certificates to the public and paying on them interest and dividends ranging from twelve to forty-eight per cent per annum.

What Nichols appears to have overlooked, or failed wholly to understand, is that the Development Company as a holding company for the stocks of going concerns, and as fiscal agent in the promotion of new enterprises, not only had the right to sell the stock of either class, and use the proceeds for the purpose of hiring more money with which to finance them, but that such was the precise purpose for which it was incorporated!

The usual custom in promoting a new enterprise is for the promoter to secure enough subscriptions to the stock to provide the necessary working capital, and to receive in return for his services some proportion of the capital stock as a bonus. Lewis, as a promoter of new enterprises, instead of accepting a portion of the stock for himself as an individual, turned his promoter's stock bonus in each case over to the Development and Investment Company. For this was, in effect, himself under another name. This concern could then borrow money and issue its notes upon the security of the stocks which it held as assets. When the time came to pay interest upon

its notes it could, if there had been no dividends declared upon the stocks which it controlled, sell those stocks themselves and pay its own interest charges. Or, it could declare dividends to its own stockholders out of the proceeds.

THE QUESTION OF GOOD FAITH.

Had Lewis organized the Development and Investment Company only for the purpose of financing new enterprises, he would be open to the gravest criticism. This very method of organizing a holding company to act as fiscal agent for new promotions, and of thus in effect financing one concern out of the sales of stock of another, or of a whole group of speculative enterprises, has long been a favorite method of illegitimate promoters. The scheme is perfectly legal. If conducted in good faith, and without misrepresentation, it is impregnable against attack in the courts. Its essential difficulty lies in the fact that the costs of such a holding company, including the salaries of its officers and other expenses of promotion, are usually excessive. They often eat up the funds that ought properly to be devoted to the actual development of the various projects. The assets of holding companies of this type, operated by illegitimate promoters, are usually of a wholly speculative nature. Experience has shown that a majority of all speculative propositions fail. Great success is always very exceptional. The lack of a single strong, profitable enterprise as the backbone of such a holding company must eventually bring it to the ground.

Lewis' good faith in connection with the Development and Investment Company is perfectly apparent from the fact that he assigned to it his live and tangible assets. These included the *Winner*, *The Woman's Farm Journal* and the *Richarz Pressrooms*. All were profitable and valuable properties. The fact that these concerns did not declare dividends during this period is rather to be taken as evidence in their favor than the contrary. It indicates the policy of the management to re-invest the earnings as working capital in the development of future business. All the facts surrounding these properties prove conclusively that they possessed exceptional earning power. They were so rated by expert commercial opinion.

The Development and Investment Company was free to sell the stocks which it held in any of these enterprises, or hypothecate them for loans, or borrow upon its own notes of banks or individuals, or otherwise raise money in any way it legitimately could, with which to meet the interest upon its guaranteed dividend certificates. It could also declare dividends from any funds in its possession, if it could show an excess of assets over liabilities upon such fair valuation as its directors might choose to place upon the stocks in its possession.

Whether Lewis could really afford to pay out twelve per cent and upwards for money, or whether his motive in making such payments was not rather to stimulate still further sales of the cer-

tificates of the Development and Investment Company, is perhaps an open question. But that the investors were amply secured by the assets of the company, that such interests and dividends were in fact paid for a considerable time, and that the Development and Investment Company was within its legal rights in so doing, seem facts beyond dispute.

Lewis took advantage of his option to retire a large portion of the first issue of the certificates of the Development Company before maturity. All were promptly paid when due. These facts would seem to dispose of the contention which has been voiced so often in more recent years, notably by an Eastern agricultural publication, that Lewis' intent at all times has been to obtain the money of country people for his schemes without any thought of ever returning any of it to the investor. The allegation has been boldly made that Lewis never has met promptly any of his obligations. The untruth of such a statement is clearly proved by vouchers still in his possession, which have been carefully inspected by the present writer.

Lewis, on June 1, 1902, at the end of the first fiscal year of the Development and Investment Company (in course of a financial statement) claims personal assets at their face value in excess of one hundred and fifty thousand dollars. These include at par the stocks of the Mail Order Publishing Company, the Farm Journal Company, the Controller Company of America, and the Allen Steam Trap and Separator Company, together with sundry other holdings. He asserts that the last sale of stock of the Mail Order Publishing Company was at four hundred per cent over par, making his holdings of that stock alone worth one hundred and twenty thousand dollars. He says:

The net profits of the Winner Magazine for the next twelve months, based on the present business and the contracts in hand, should exceed one hundred thousand dollars, or twice its capitalization. A fair estimate of the value of this publication is five hundred thousand dollars. My holdings are three-fifths of the whole.

Lewis further says that "other assets of a valuable sort, including the stock of the Lewis Addressing Machine Company, are withheld as not yet far enough developed to have a stable valuation."

Any presumption that Lewis would have risked his valuable holdings in the Winner and the Woman's Farm Journal as security for the notes of the Development and Investment Company, if that concern had not been organized in good faith for what he deemed legitimate purposes, is, in view of all the circumstances, quite preposterous. Every ascertainable fact as to the status of his affairs during the year 1902, when the Development and Investment Company was paying dividends at the rate of forty-eight per cent, indicates rather that Lewis was simply intoxicated by the amazing prosperity of his enterprises, and possessed an unlimited confidence in many new schemes which he then had on foot. All this, it must be remembered, was prior to the purchase of the eighty-five acres

of valuable land outside St. Louis, in what is now University City, which afterwards led to his extensive real-estate and building projects, and the consequent criticism thereupon.

Whether or not Lewis would have been successful in developing any of his mechanical devices if the prosperity of his main business as publisher had been uninterrupted, is, of course, open to conjecture. But even had they all failed, the losses would have fallen exclusively upon the stockholders. They were wealthy men, abundantly capable of forming their own judgment as to business affairs, who went into these various projects with their eyes wide open. The sole exception was a small amount of stock in the Fibre Stopper Company. This, as we have seen, was, as far as possible, repurchased. Lewis' own losses would have fallen upon the Development and Investment Company; but the holders of the securities of that concern would not have been greatly affected, because they were abundantly secured by its ownership of a controlling interest in his publication and real estate interests. Lewis' judgment as to these enterprises, or his wisdom in distracting his energies from his publishing enterprise to so many other concerns, may, of course, be called in question by business men. But at all events these enterprises show a marked improvement in the character of his undertakings over his early ventures in the field of proprietary articles. They also clearly indicate the character of the men who had become his close friends and intimate business associates at this period.

THE INSPECTORS' REPORT.

The entire history of the Development and Investment Company and its various promotions, from the time of its organization up to the opening of the "Siege" of University City in the spring of 1905, has now been fully outlined. The steam trap was practically abandoned. The addressing machine project was in abeyance. The fibre stopper project was in course of active development. The telephone controller had been placed upon the market, and its prospects were then exceptionally bright. The University Heights Company was booming. The Lewis Publishing Company was in a highly prosperous condition. Such were Lewis' obligations and such his resources when the Development and Investment Company as a whole was investigated by the inspectors. A statement of the Development and Investment Company was submitted to them as of March 14, 1905, together with a brief resume of the facts already familiar to the reader.

On receipt of this communication Inspector-in-Charge Fulton, on March 28, 1905, submitted a list of twenty-two questions, inquiring with minute particularity into the details of the company's business. Lewis responded with a four-page communication furnishing the information requested as best he could, in so far as he deemed the inquiries pertinent to postoffice business. The result was a report under date of June 1, 1905, by Inspectors W. T. Sullivan and

J. L. Stice to Inspector-in-Charge Fulton at St. Louis, incorporating Lewis' statement* and commenting in part as follows:

In a general way, this company was originally planned as a part of a bond-selling proposition. These bonds were offered to the public at par with six per cent guaranteed interest. For a time, eight per cent was guaranteed. The value of these bonds as an investment depends upon the assets of the company and their individual earning power. * * *

It is our belief that the Development and Investment Company was organized by Lewis as a part of a scheme to defraud the public, and that the original plan was superseded by the People's United States Bank, which we have already shown has resulted in fraud and misuse of funds, and that these results were obtained principally through the aid of the Woman's Magazine and the Woman's Farm Journal, by reason of the second-class privilege of mailing at the pound rate. We transmit herewith some of the advertising matter appearing in these magazines, exploiting the sale of stocks and bonds composing the assets of the Development and Investment Company, and invite your attention to the untrue representations made, and which (*sic*), by comparison with the real facts, establish in our minds that the Development and Investment Company was devised by Lewis with intent to defraud the public through the sale of valueless stock, and that the salaries paid to himself and F. J. Cabot have not been earned by the company, nor has the interest paid prior to the year 1904 been earned, but paid from the sales of new stock.

We recommend that E. G. Lewis and F. J. Cabot, officers, and the Development and Investment Company be required to show cause why a fraud order should not be issued against them, and the reference of this report to the honorable assistant attorney-general for the Postoffice Department and the honorable third assistant postmaster-general for their consideration in connection with other cases.

Such was the report and recommendation of the inspectors as to the net results of Lewis' labors, which, as we have seen, had the approval of the great commercial agencies, of many prominent business men and bankers of St. Louis, and of the banking institutions from which his million dollar line of credit was obtained.

*This statement was as follows:

ASSETS.

Preferred stock, Lewis Publishing Company.....	34,500.00
Common stock, Lewis Publishing Company.....	710,000.00
Stock, U. S. Fibre Stopper Company.....	567,886.00
Preferred stock, University Heights R. & D. Company.....	10,580.00
Common stock, University Heights R. & D. Company.....	537,594.00
Other stocks and bonds at par or better, paying dividends.....	45,643.75
Other stocks, good, not dividend paying, Controller Co. of America.....	64,643.75
Stocks, uncertain value.....	84,450.00
Demand loans.....	142,139.45
Time loans.....	29,000.74
Cash.....	5,147.06
Insurance on life of E. G. Lewis.....	380,000.00
Real estate account in suspense.....	117,848.75

\$2,728,935.99

LIABILITIES.

Bonds, 3-4 years, 6 per cent.....	165,500.00
Bonds, 3-4 years, 8 per cent.....	131,600.00
Pass book accounts.....	19,607.49
Accounts payable, stock and bond purchases.....	77,455.48
Bills payable, 2-3 years, land purchases.....	117,848.75
Capital stock.....	500,000.00
By balance, surplus.....	1,716,924.27

\$2,728,935.99

The principal source of the inspectors' information as to the early history of this concern appears to have been the unverified opinion of Howard Nichols. About the only other source of information which they have placed on record is the statement made to them by Lewis himself. This they totally discredited. They seem ever to have arrived at their decisions by reading between the lines of Lewis' written statements, and by a process of analysis and a series of inferences of their own. The facts as to the various businesses that made up the assets of the Development Company at this time having been set forth above, the reader may form his own conclusions as to the wisdom of the inspectors' recommendation. Happily, it was disregarded by the Postoffice Department itself. No fraud order was ever issued against the Development Company. They were not even cited to show cause why a fraud order should not be issued against them.

A MILLION DOLLAR CREDIT.

We may now sum up the tale of Lewis' million dollar credit by the following extract from his testimony at the Ashbrook Hearings:

The Development and Investment Company was the end of the building-up process of my credit. As has been shown, I started the publishing of the Winner Magazine practically without capital. I obtained subscribers by means of the endless chain. But this involved the obligation of issuing the paper. The first year or two the question of finance was a very hard puzzle. The first relief I recall was in this way: The officers of the National Bank of Commerce sent for me. When I called they asked me where I was banking. I told them I was depositing in such a place, but that I had not really begun to bank as yet. They asked me why I did not do business with a real bank. I said I would be glad to; that I was from Missouri and would be pleased to be shown. Then they asked me what kind of a line of discount I wanted. They had invited me, and I did not hesitate to tell them. I think it was up to one hundred thousand dollars that I mentioned—something like that—it might have been fifty thousand dollars. They told me to come back the next day, and when I came they said, "You get it."

They had inquired carefully in the meantime, and had evidently been observing my business operations for some time past, as they seemed to know almost as much about my business as I did myself. I asked them if it was really true that I could get the money, if it was a real discount; because I would like to borrow it for six months to begin with. I did not want to come back every week to renew it. They said they would make the first discount for six months. I said, "All right; give me a blank note." They did so, and I filled it up and handed it back. I wanted to see if it was really so. They discounted the note and placed the amount to my credit. The first entry in my pass book with the National Bank of Commerce is a discount for six months of that note.

I then began to realize for the first time in my life that without capital there was a kind of capital which was much more valuable than the actual cash, namely credit, or a good name. I was, therefore, very careful to meet every obligation on the very day, not renewing anything, but paying one hundred cents on the dollar. Even though at the time I was walking down town and back to save carfare, and going without lunch, if I had a note at a bank, when that note became due, instead of going in and asking for its renewal, I paid it. Then, perhaps, a few days afterward I went back and borrowed more. That was legitimate. The banks like that manner of

dealing. It showed the bank my ability to clean up quite square. All banks like to see all their money in once in a while.

Gradually, I built up a growing credit with the banks. Business men and bankers began to be interested in me. I was a young man, pushing everything ahead, and in the thick of everything that turned up. One bank after another asked for my business. They usually got a part of it, though I would not tell them it was only a part. I began to build up two parallel lines of credit. One was a banking credit in St. Louis on my different companies' paper with my endorsement, or on my own paper; the other was a parallel line outside St. Louis, in Chicago, New Orleans, Lafayette, Fort Wayne and New York. And for this reason:

I saw myself becoming engaged in larger and larger enterprises, reaching out and touching other men's interests. I knew that, sooner or later, I would be coming in conflict with the interests of these rich and powerful men with whom I was beginning to get acquainted and do business; and that some day I might find all my loans called in, and be unable to turn around. So I arranged an outside line of credit in other cities. I handled it this way: If I was borrowing from the local bank this month, then I was letting the outside banks rest a little and carrying a pretty heavy deposit with them. Next month I would clean up my local banks, paying all back, and lean on the outside banks a while. In this way I had parallel lines of credit. Then I kept that credit clean, by meeting every obligation.

None of the stock of my enterprises was offered publicly; it was all taken by wealthy men. In St. Louis at that time there was a great deal of money. Men were making money rapidly. The general spirit was such that if a man was making good, seemed successful and had ideas which they approved of, they would back him to almost any limit. I was becoming well acquainted then with the wealthy, active and aggressive business men of St. Louis. When some proposition for promoting an invention or other enterprise would come up, I took one of two different attitudes in regard to it. Either I invited my friends and my associates to come into it, with the representation that I would be personally responsible, and if we lost, would make good their investment and let them out whole; or I would put it up to them to exercise their own judgment. They were independent business men of means. If they decided a thing was good, and it afterwards turned out badly, they then took their own losses.

My total line of credit, including the paper of my various enterprises with my endorsement, and my own paper, at the close of the World's Fair was in excess of a million dollars. I regarded my equities in my holdings as worth between one and two millions of dollars at present values; and believed that they had a prospective value of a great deal more. In other words, I considered myself at that time easily a millionaire.

We are now on the eve of the Siege of University City. The interest from now on centres almost exclusively in the two best beloved children of Lewis' brain, the Woman's Magazine and the People's Bank, both of which we shall see done to death in the tragic sequel. As no one else can conceive the ideal phases of these two gigantic projects so vividly as they presented themselves to the eye of Lewis' imagination, the reader will gain the clearest impression of the central facts of this story if Lewis is allowed to introduce these for himself as he conceived them. The two succeeding chapters will, therefore, be devoted respectively to carefully compiled accounts from various published and authentic sources of Lewis' own stories of the Woman's Magazine, and the People's Bank.

CHAPTER XII.

THE RISE OF THE WOMAN'S MAGAZINE.

LEWIS' OWN STORY—BUSINESS POLICIES—MUTUAL CONFIDENCE—WORLD'S FAIR GUESTS—INFLUENCE OF THE NEW HOME—LEWIS BEFORE MADDEN—THE EDITORIAL END—THE INVESTMENT IN PLANT—THE QUESTION OF NOMINAL RATE—THE TEN-CENT-A-YEAR PRICE—GETTING NEW SUBSCRIBERS—HANDLING THE SUBSCRIPTION LISTS—THE DOUBLE-SPREAD IN THE ST. LOUIS REPUBLIC—A VISIT TO THE OCTAGON TOWER—THE MAGAZINE PRESS BUILDING.

The Woman's Magazine was started about four years ago with a capital of a dollar and twenty-five cents and a right idea, namely, that a magazine well edited, well illustrated and well printed, at the low price of ten cents a year would sweep the country. About sixty days after the start, a one-fifth interest in it was sold to N. A. McMillan for five hundred dollars. Two months later we paid him five thousand dollars in cash to get it back. He has just paid us five thousand dollars for a one two-hundredth interest. The growth of the magazine has been so rapid that it has required super-human efforts to get together the necessary mechanical equipment for producing it. It has been the most remarkable phenomenon in the publishing world.

So Lewis portrays, in a letter to his bankers in the fall of 1904, and elsewhere in his promotion literature of that period, the rise of the Woman's Magazine, the great central symbol of achievement in his own mind, about which all his dreams and projects clustered, and the gigantic success of which appeared to him to augur the feasibility of each new endeavor.

This story has been often dwelt upon by Lewis by way of description and analysis. Among the chief of these occasions are first, the use of this story as the basis of the promotion literature of the People's United States Bank; and, second, the hearing at Washington before the third assistant postmaster-general in defense of the very life of this, his first-born child. Upon both these occasions Lewis was wrought to a high pitch of nervous exaltation. Both accounts are vibrant with strong emotional feeling. They may be taken not only as affording an insight into the reaction of Lewis' mind in the upbuilding of his principal publication, but also as characteristic of his mode of expression in its happiest vein. The difference in Lewis' viewpoint under these widely different circumstances justifies the reproduction in substance of both versions of his story. Omissions have been made to avoid duplication where the two accounts are closely parallel.

LEWIS' OWN STORY.

The paragraphs that follow are taken from the introduction to the principal prospectus of the People's Bank, entitled "Banking

by Mail," a bulky pamphlet issued by Lewis in the fall of 1904. They form a good example of his colloquial style when taking the public into his inmost confidence. Only by a proper appreciation of this and of Lewis' similar outpourings in the columns of the *Woman's Magazine*, in circular letters, and in personal contacts with his readers, can the secret of his enormous personal following, and consequent ability to project and realize great undertakings, be fully grasped.

A little over five years ago I started the *Woman's Magazine*. The idea in my mind was, that if a magazine could be produced at ten cents a year (which was no more of a drop in price under modern conditions than the reduction from five cents to a penny in the daily newspaper), and this magazine could be beautifully printed, well illustrated, and carefully edited, it would sweep the country. The fact that it was ten cents a year did not mean a cheapness in the magazine itself, but an advance step in journalism. For such a magazine to be successful, its circulation must of necessity be enormous. Its production must be carried on in the most economical manner. The most modern machinery and the most perfect equipment must be supplied. The great quantity in which all materials could be purchased would then of itself insure the lowest obtainable prices.

My idea was that if a kind of circulation could be gained for such a magazine sufficient in value to justify an advertising rate in proportion to its enormous volume, it would become not only one of the most profitable publications in existence, but also one of the most powerful. The average woman loves a bargain. There are a hundred magazines at a dollar a year, any one of which is almost as good as another. There is only one magazine at ten cents a year. The average man will purchase a magazine on the news-stand occasionally, provided it catches his eye; but it takes a woman to subscribe for it, to look for it every month, and to read it closely when she gets it.

BUSINESS POLICIES.

Now, the development of such a magazine must be along very carefully laid lines. First of all, it must establish in the minds of its readers, the most implicit confidence in its publishers. It must be clean and sweet. At no matter what cost, it must stand for the protection of its readers as to everything contained within its columns. A monthly visitor in a million homes, read by the mother and her children, its whole make up must be such as to make it welcome. A magazine sold on the news-stands depends, to a large extent, for its circulation, on catching the eye. Beautifully colored covers, finely enameled paper stock, magnificent illustrations, and articles by people with high sounding titles, become a necessity to such a publication, because it must compete with hundreds of other magazines in open sale. It never comes in contact with the bulk of its readers in a direct way.

One of the largest monthly magazines in the United States recently issued a statement of the nature of its circulation of nearly a half-million copies, showing that less than 6 per cent went to paid-in-advance subscribers. The other 94 per cent was purchased from the news-stands by unknown people. They never came into any intimate relation with the publishers at all. Such a magazine practically secures no franchise. It has no hold on its readers, and is a mouth-to-mouth, a hand-to-hand proposition. My idea was that by reducing the price of my magazine to ten cents, and not putting it on the news-stands at all, but depending altogether on paid-in-advance subscriptions, it would be brought into a personal, intimate relation with its readers, such as no other magazine ever had. It would know them all by name, would be in constant communication with them by mail, and would build up a franchise such as no publication ever had before.

Publications today are, to a very large extent, supported by their ad-

vertising revenue. Not one per cent of all existing publications could continue in their present form without their advertising income. This is to the benefit of the reader, for it enables the publisher to give a magazine which actually costs two or three times what the reader pays for it. The telegraph news in a daily paper costs more than the publishers receive for the whole paper. The magazine published at one dollar per year spends an average of fifty cents on the dollar to secure its subscribers, or to effect its sale on the news-stands. Then it must deliver more than a dollar's worth in costly presswork on the highest grade of paper, in order that it may retain its standing in competition with the other news-stand publications. In such a magazine as I contemplated, this feature would be entirely eliminated.

The greatest problem in all publications is that of subscriptions. Publishers often pay two dollars to secure a new subscriber at one dollar. At ten cents a year, this problem of subscription was entirely eliminated. In fact, as developments have shown, our great problem is to hold down our subscriptions, which are now increasing at the rate of from sixty to ninety thousand a month.

Next after the question of circulation comes that of advertising. A standing notice was kept by us in every issue of the *Woman's Magazine* that while we could not undertake to adjust mere differences of opinion between our readers and our advertisers, yet we would make good in cash to any reader any loss sustained through being defrauded by any announcement in its columns. This necessitated the most careful supervision and entailed on us an enormous loss, through being obliged to refuse tens of thousands of dollars of advertising offered us. I venture to state that no daily or Sunday newspaper today would dare to print such a notice in its columns. If you think they would, take up your Sunday newspaper and read the advertisements. We probably refused, on this account, more advertising than we accepted. I will not here attempt to go over the early struggles of the publishing of the *Woman's Magazine*. Suffice it to say that I lived through it, and am now enjoying the fruits. You don't want a man who has walked over Niagara Falls on a tight rope to sit down and try to tell you how he got over there. It is enough that he reached the land on the other side.

I knew that my theories were right. My confidence in them and in my ability to carry them through; the noble support and assistance of many kind friends who stood by me through thick and thin; and the able labors of my associates, have produced the result. The *Woman's Magazine* today has the largest circulation of any publication in the world—in fact, almost double that of any other existing publication. It reaches every tenth home in the United States and Canada. It requires 15 carloads of paper to produce a single issue, and 8,000 pounds of printing ink to print it. Four hundred and eighty people are employed in its production. It owns the largest, most beautiful and costly publishing plant in the world, built at a cost of \$600,000 in cash, without mortgage or lien. It has the confidence of probably ten millions of readers. It has carried through, from time to time, enterprises tending to increase this confidence, which were, each of them, in themselves a large undertaking.

THE ADVERTISING END.

My theory in regard to the advertising end of the paper was, that as a publication must derive its profits from its advertising columns, the more it received from its advertising space, the better paper it could give to its readers. And yet the more money it would make. Because, the better the paper, the more carefully it would be read. And the more carefully it was read, the better the results to the advertiser. Like a snow ball, it would roll up of its own accord. The main principle involved in the advertising feature was the obtaining of an enormous circulation. The *Woman's Magazine* equals today the combined circulation of over twenty thousand average



¹Omnibus which conveyed guests of Camp Lewis to and from the Worlds Fair

²Camp Lewis, showing in the background the grounds and buildings of the Louisiana Purchase Exposition



Office of Mr. Lewis during the prosperous years of 1904 and 1905, the storm center of the ensuing controversy with the Government. Most of the Woman's Magazine and Woman's National Daily editorials were penned upon the old red millinery roll-top desk. This room was preferred by Mr. Lewis to his "sanctum" in the Woman's National Daily Building.

newspapers. The combined advertising rates of these newspapers would be seven or eight times that charged by the Woman's Magazine.

Arguing that the advertiser did not advertise "for his health," but because he wanted results, I almost immediately went into an enormous advertising campaign, I inserted full pages in all the other newspapers and magazines of any standing in the United States, announcing the plan and scope of the Woman's Magazine, and telling that its subscription price was only ten cents a year. The theory on which this was done, was that out of a given number of readers, but a small proportion were what might be called advertisement answerers. In order to reach this small proportion, the advertiser must pay for the entire circulation. If I could draw together in the Woman's Magazine circulation, the small percentage from each of the other magazines and publications who were advertisement answerers, then practically the whole of my circulation would be such as was most desirable to the advertiser and most profitable to him. One woman would be of a disposition such as would make her sit down and answer an advertisement. Another would never answer an advertisement in the course of her life. The problem was to get the one and eliminate the other. In all other publications they are mixed. I kept my announcements standing in the other publications, at an expenditure of nearly a quarter of a million dollars, until they would no longer produce results. One well known Eastern magazine with a circulation of 100,000 subscribers, contributed through my announcement over 80,000 subscribers to my list. This 80,000, on a fair basis of reasoning, was the entire circulation of that magazine which was worth having, from the advertiser's point of view. By this advertising campaign, we secured in the neighborhood of a million subscribers.

The advertisers of the United States who use publications of general circulation do so with what are called the "keyed" advertisements. There is some key in their address, such as "Department B" or a change in an initial of the firm, such as John A. Smith, John B. Smith and John C. Smith. Each different publication is given a different key. Thus they can tell exactly what they derive from a given advertisement as compared with its cost. The old method was to advertise blindly, trust to a kind Providence for results, and believe the circulation liar as to what was given in the way of circulation. This has gone out of vogue. Today the great advertiser knows almost to a dollar the results of his advertising, provided he is after direct results.

I also adopted the theory that an advertiser was just as much entitled to know what he was getting in the way of quantity and quality of circulation, as any merchant when purchasing goods. In place of the usual circulation lies, I printed each month in the columns of the Magazine itself, an exact statement over the signature of the United States postmaster, of exactly how many copies of the previous issue had been mailed. This was made possible because our entire edition goes out through the mails, and as the Government is paid a certain amount for each pound, the number of copies mailed can be figured out exactly. This is very different from the sale of a magazine on the news-stand, where the number of returned unsold copies is seldom brought to the attention of the advertiser. In fact, the whole basis and foundation of the Woman's Magazine was absolute good faith with its readers and with its advertisers. If we made a promise, we kept it; whether it was with a ten-cent subscriber or with a ten thousand-dollar advertiser. If we owed a bank ten thousand dollars, when it was due we did not go in with eight of it and ask them to renew the other two, but we paid the whole ten. The next day, possibly, we went back and borrowed fifteen thousand, but that was up to them. A credit was thus built up which was better than the possession of the actual capital.

The result of all this is that while two million, two hundred thousand people now pay me ten cents a year for my publications, amounting to a total of \$220,000, yet the fact that I have combined, under one system, this vast

number of people who can be reached through these mediums, enables me to derive an income in excess of a million dollars a year from the advertising columns. Had I a single man or woman paying me \$220,000 a year, I could not get any revenue from the advertising columns. The return to the reader is in proportion, because I am able to spend even twenty-five or thirty cents per year on the production of the Magazine which I sell to him for ten cents.

MUTUAL CONFIDENCE.

From the very start, we cultivated the closest and most intimate relations with our readers. If the baby was sick, we heard about it. If the old cow died, we got the first news. We did not offer our Magazine for sale on the news-stands. We did not desire the circulation in the great cities, nor did we wish to come in competition with the high priced magazines on the news-stands in the endeavor to catch the eye. What we wanted was our readers' hearts and confidence. As the Magazine grew, this intimate relation between myself and my readers grew stronger. I soon found that each of them felt a personal, warm interest in the success of the paper. I will say, frankly, that to the encouragement and the expressions of confidence and faith of ten thousand women, unknown to me otherwise than through their letters, I owe more than to any other source, the inspiration that has made possible the success of this paper.

Following out our plan to establish the most implicit confidence in the minds of our readers, we time and again refunded large amounts of money in small sums each, to a great number of readers who felt that they had been mistreated by some advertiser in the paper. A few years ago we inserted the advertisement in our columns of a Beaumont oil company. At that time, every indication was that this company would be enormously successful. The men at the head of it were of first-class standing. Yet the conditions in the oil field developed so that the concern fizzled out. I personally have taken up from my readers, and paid out of my own pocket, a great deal of the stock that was purchased by them in this oil company through the announcement in our columns. That was another bond.

All of these people felt that they were contributing personally to the success of this Magazine. They worked for it; they told their friends about it. They sent us thousands and thousands of subscriptions. They knew that I started with nothing, and they knew that, as we became successful, they shared in that success by receiving a better and better paper. No other form of human industry is so vitally dependent on confidence as a publication. Let its readers lose confidence in it or its publishers, and it is dead. The stronger their confidence, the more powerful it becomes. A publication deals in human thought. This is its only form of merchandise. It has space in its columns to sell, nothing more. If its readers lose confidence that space is valueless. No paper can trick its readers and live. Whether it does so directly by catch-penny schemes of its own, or permits fraudulent and tricky advertisements to appear in its columns, makes no difference: the result is the same.

WORLD'S FAIR GUESTS.

During the present year, the great World's Fair is being held in St. Louis. Tens of thousands of our readers each week are visiting our building and coming into personal contact with this institution. They find it the largest and most beautiful publishing plant in the world. They find the best citizens of St. Louis associated with it. They know that President Francis of the World's Fair laid its cornerstone. They know that each week parties of prominent men and women from all over the world visit us to inspect this plant, that it is one of the sights of the city; and, furthermore, that we have built for them, on the eighty-five acres of beautiful grounds surrounding the building, what is undoubtedly one of the most complete and costly encampments that has ever been constructed.

This great city of tents cost us over thirty thousand dollars. Our posi-

tion in it is very different from that of the speculator who has built a cheap hotel. He never expects to see or hear from his guests again. But if one of our readers stopping in our encampment got a poor cup of coffee, we would probably hear from it each time she renewed her subscription for the next twenty years.

This camp is a perfect little city of homes. It is under the strictest military supervision. It has accommodations for five thousand guests at one time. Each little tent has its electric lights, its iron beds, its board floor and every convenience and comfort of a great hotel. Shower baths, nursery tents, hospital tents, recreation tents, a military band and everything that we can devise, have been installed for the comfort and convenience of our guests. They are coming here, and have been coming here for months past, feeling that they are our personal guests. We charge them fifty cents per day, but we are establishing in the minds and in the homes of tens of thousands of families of this country, a personal intimate relation, such as no publication in the world ever had or will get. They have been here and have seen it. The publishing plant of which we have told them so much, and which they helped to build, was greater and grander and more beautiful than they dreamed. Everything that we have said to them and everything we have told them about for years past, they find to be so. This is being radiated back into the remotest corners of the United States and Canada, and this institution is gaining a grasp on the minds and hearts of two millions of families which nothing can ever shake. The result, from a business point of view, is enormous profit to the concern.

INFLUENCE OF THE NEW HOME.

About a year ago, the proposition had reached a point where I felt the necessity of associating with it, a large body of men of such standing and caliber as to give it the proper prestige, not only with its readers, but in the commercial world. To the mind of the average man, the fact that the paper was ten cents a year put it down as a cheap proposition. Because of this, I organized the Lewis Publishing Company with a capital of one million, two hundred thousand dollars. A million of this was common stock, of which I hold the majority. Two hundred thousand dollars of it was preferred stock, which retires at the end of five years. This two hundred thousand dollars of preferred stock was offered privately to the foremost citizens of St. Louis and Chicago. They expressed their confidence in my ability and methods by subscribing immediately. I do not think that any single institution in America has associated with it such a high-class body of men as the Lewis Publishing Company has today. I then built our present plant. In building it, I designed it so as to give to our employees every convenience and every comfort that could be devised. We deal in human thought as our merchandise. There is no such thing as the July issue of the Woman's Magazine until it is created by the minds of those connected with it. If I had a stock of hardware or dry goods, this feature would not enter in.

I spent over one hundred thousand dollars in the decorations on the building. It is today the most beautiful structure in America and one of the most beautiful in the world. I built an enormous conservatory, so that during the winter months every little employee could have a nosegay on her desk. We try to make them all feel that we are the best friends that they have in the world. We try to make them feel that, if they would come to us honestly and fairly, we would bear their burdens, in order that their minds might be concentrated only on the work in hand. The merit system was put in force throughout the entire institution so that the little girl, writing wrappers, might be thinking about her spring bonnet, but the way she could get it was by detecting errors in the subscription list. For each error found she received a penny. The man running a twenty thousand dollar printing press might, through misfortune, become financially distressed. His mind on his three hundred dollar debt might cost me a twenty

thousand dollar press. I prefer to take the debt myself, on the basis that if he is a white man, he will give me one thousand per cent interest in additional efficiency by having his mind relieved of his own troubles. If he turns out a bad dog, I will collect the debt, if I follow him across the river Styx to do it.

This institution, built up on these lines, has become one great perfect machine without a note of discord in it. All of the little jealousies that usually arise in such an institution have been eliminated. A man who carries a stop watch soon finds the pace too swift for him. I would today consider this great industry an absolute failure without the love and confidence of its four hundred and eighty employees. This and the beautiful building are reflected into two million homes. The seventeen thousand dollar stairway which the advertising manager climbs to his office each morning, impresses on his mind the standing and dignity of the institution and enables him to turn down a questionable advertisement with easy grace. It would not match the staircase.

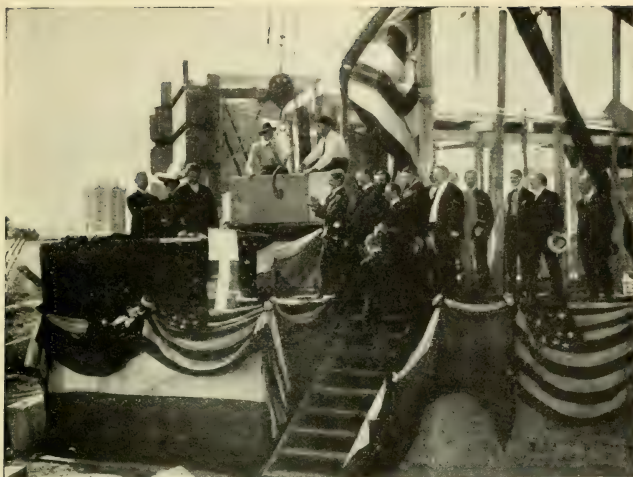
Our advertising rate is the highest in the world. Nearly five thousand dollars for a single page for a single issue, or sixty thousand dollars for a single page for a year. Yet this advertising space is sold for a year in advance. There are at the present time over a million dollars of advertising copy and orders in the house for the ensuing twelve months. We have means of knowing just how profitable to the advertiser the space is, and as a matter of business we keep our advertising rate reasonably within the profit line. We have raised our advertising rate from one dollar and twenty-five cents a line to six dollars a line. Instead of losing business, our space is sold now for a year in advance. This fall we shall increase the size of the paper to thirty-two pages, and give our readers for ten cents a year such a publication as they never before were able to buy for less than a dollar. The effect on our readers and on the publication's franchises can readily be grasped. Never again will any publication have such an opportunity as is now open to this one. They cannot hold a World's Fair in order to get their readers into their establishment and bring them in personal contact; and if they could, not one publication in a thousand knows who its readers are.

The cheapness in price of this paper does not imply a cheapness in grade of circulation. Our circulation was gained originally from the highest-priced publications in existence. We state as a fact, and not a theory—a fact which has been demonstrated a thousand times in this office—that no publication in existence, provided it has a large general circulation, reaches a better class of people on the average, so far as intelligence and responsibility and wealth are concerned, than the *Woman's Magazine*.

LEWIS BEFORE MADDEN.

Lewis refers to the second occasion of earnest self-examination and severe analysis as to his motives and purposes in the upbuilding of the *Woman's Magazine*, in an editorial in the August, 1905, issue from which the following is excerpted:

On the 17th of last month the publishers of this Magazine were cited to appear at Washington and show cause why it should not be deprived of its second-class privilege, on the charge that it was published at a "nominal rate" and "primarily for advertising." I went in person to make my defense of this little magazine which we have tried so hard to make carry a little more sunshine, instruction and entertainment into nearly two million homes. Over a million of you, my readers, have visited the great plant which was built for the production of this magazine at the lowest possible price, so that in every home in America it should find a welcome. We shall see what we shall see. My defense of this magazine, before the Department, was taken down in shorthand, and I expect to publish it.



¹Hon. David R. Francis, ex-Governor of Missouri, laying the corner stone of the Woman's Magazine Building in May 1903. Mr. Francis was at this time president of the Louisiana Purchase Exposition Company

²Governor of Wyoming and his staff. This party called at the office of the Woman's Magazine, while in St. Louis as visitors at the World's Fair, to claim a prize of one hundred dollars offered by Lewis to anyone who could name a postoffice in the United States, serving fifty families, where the Woman's Magazine did not have one or more subscribers. This incident is related in the text



Notable guests of Mr. Lewis inspecting the grounds and plant of the Lewis Publishing Company

¹Lieutenant General Nelson O. Miles on the occasion of his review of Camp Lewis in 1904. ²From left to right, Thomas Z. Higsden, sometime candidate for President on the Independence League ticket, Mrs. E. G. Lewis, William Randolph Hearst, Mrs. Hearst, E. G. Lewis

This intention was never carried out. Lewis' defense was never published. We here reproduce its substance, anticipating the occasion on which it was delivered only to enable the reader to form a complete conception of Lewis' attitude toward his past achievements and future policies as publisher, before we plunge into the thick of the Siege. It must not be supposed, however, that what is here published in the form of a complete address was actually thus spoken. The words and sentences, as well as the ideas, are those of Lewis. They are here merely thrown together in orderly arrangement for the sake of clarity, and for the ease and convenience of the reader. Lewis is here addressing Third Assistant Postmaster-General Madden, in his office at the Postoffice Building, at Washington. He said.

General Madden, you will remember that I called upon you soon after I founded the Winner. I told you then about my plans as publisher of that paper. I stated that I intended to publish the greatest magazine in America. It was to be clean and honest. It was to be a straight business proposition, and not a mere advertising sheet.

I came into a field occupied by a hundred so-called mail order papers sent broadcast over the land with little or no pretense of a legitimate mailing list. Their subscriptions, if they had any, were procured by offering gold watches, or a house and lot as a premium. I commenced to get out a clean, well printed, carefully edited, honest magazine. These men came to me and said, "You fool, what are you doing, you will ruin the business. You are printing your magazine on high-grade paper with fine illustrations. You are editing it carefully. You will go broke, and put us all out of business."

I disregarded their advice and have kept steadily on my policy to this hour. It has proved to be a policy of constant progression. This magazine stands today as the best example in existence of what the second-class law was passed for, namely, the distribution to the masses of the people of good, clean literature at a low price.

We are not only realizing the spirit of that law. We are doing more to help the Postoffice to overcome abuses than any other force in America. We are even willing to come out and agree that the postage rate be raised. We want it increased, provided the others have to pay it too.

THE EDITORIAL END.

The Woman's Magazine, now, after nearly four years, visits nearly two million homes every month. They know it and love it. It talks to them in a language they understand. We talk to them heart to heart. We know how they think and feel. I will tell you that the average woman, no matter whether she is the wife of a millionaire or a coalheaver, is a woman just the same. She doesn't care to read about the Venezuelan question by Grover Cleveland. What she wants to know is: What is the matter with the baby's teeth? The Woman's Magazine is published for the purpose of telling women what they want to know. Last January I picked up one of the high-class magazines which had in it a recipe for preserving strawberries, which grow in June. Do you suppose a woman will keep that paper from January until June in order to know how to preserve strawberries? If you pick up a June number of the Woman's Magazine, you will find the strawberry article in strawberry time. If a woman goes into her garden in June, and finds insects on the roses, she doesn't have to look in the January number to find what they are, and how to kill them. She finds it in the June number.

We edit this paper carefully for our class of readers. If there is a cook-

ing recipe to be printed, we do not print it as it stands, with high-priced spices and such things as few of our readers can obtain. We revise it carefully and use ordinary things that are found in every kitchen. We pay the price for the best articles suited to our readers that we can obtain. We employ special correspondents. We sent one of them to the President's inauguration, and later to the inaugural ball. We also sent along our own photographer to take in detail views of the families of the ambassadors of the many nations. Then we told the story in our own words, in the way that our two million readers would appreciate it. What they wanted to know was the kind of dresses that the ladies wore, especially what the President's wife had on.

We also take up public affairs. I have arranged with Governor Taft for an article on the Philippines. We present that in such a way that two million people throughout the country who do not read metropolitan papers, can get the substance of it. This Magazine is published for its readers. It tells them things they want to learn. It makes life a little brighter and happier for them. It puts sunshine into a couple of million homes.

I will tell you that at this moment there are more people reading the Woman's Magazine than all of the high-class magazines put together. If you will take it into your own home, and lay it beside the costly publications of today on your library table, the women of your family will perhaps take up the high-class magazine and glance at its fancy illustrations a little while. Afterwards, you will find them all reading the Woman's Magazine. Why can we get six dollars a line from advertisers? Because this Magazine is published for its readers, and the readers know it. Advertising with us is of secondary consideration. We make a paper that the people want. That is why we get subscribers. We laugh at the problem of subscriptions. We have them by the million.

Our two papers together go to nearly two million people. The families read them, too. So that probably five million people see these two papers. The editor of the *Petit Parisien* came over here to our World's Fair. He spent a good deal of his time in the Woman's Magazine Building instead of seeing the Fair. "Why," said he, "this institution could only be built in America. Here is the most typical American thing I have seen since I came to this country." Such men know what this paper means.

The Woman's Magazine succeeded the Winner. There was no other change except in name. That was in September, 1902. When the circulation had reached a point such that all idea of its being of a chimerical or fictitious nature had been dismissed from the minds of careful and conservative business men, I organized the Lewis Publishing Company. That was in June, 1903. I brought into that company as original subscribers, nearly one hundred leading business men and bankers of St. Louis. They probably represent the ownership of a hundred millions of the vested interests of that city. They put into this company nearly two hundred thousand dollars cash. We then built, near St. Louis, one of the greatest publishing plants in the world. Such a building as ours alone costs nearly half a million, an immense sum of money. The printing machinery cost nearly two hundred thousand more. Our own vested interest is now, therefore, upwards of a million dollars.

This is entirely dependent on the publishing of these two papers. The company is restricted to that purpose by its charter. The whole plant was designed and equipped to that end. It can be used for nothing else. It stands out in the country by itself. It is not in a business block downtown, of which the papers occupy the basement while the rest of the building is rented as offices. There are five hundred people employed in the production of these two publications. Our earning power is now about one million dollars a year. This consists of about one hundred and fifty thousand dollars in subscriptions, and the rest in advertising. I also bought

eighty-five acres of land surrounding the site of the building, partly for the Publishing Company and partly for an investment. I had to buy it in order to get the corner I wanted as a building site. Then followed the homes in which we and our employees expect to live. That is now one of the finest residence districts in St. Louis.

The Woman's Magazine is not published primarily for advertising; nor is it sold at a nominal rate, within the meaning of the law, any more than all other publications are. The effect of taking away from us the second-class privilege could only be told by actual demonstration. It would depend upon why it was done. If it was taken away because I had done wrong myself, or because I had not been honest, I think it would destroy the magazine. If it was taken away for any other reason, I do not think that would necessarily happen. The loss of the second-class privilege might make it unprofitable to the stockholders, it might cause us to discharge some of our force, it might compel us to reduce the paper in size and quality. I can not tell until I am up against it.

I am now trying to give my readers the greatest value editorially, and in paper, press work, and illustrations, that I possibly can and pay my stockholders six per cent. My attitude before my subscribers has always been that I don't care personally whether I have anything out of the Magazine or not. I have enough to eat and drink, and an automobile which I can ride in, when I can find the time between my office hours, which are usually from eight o'clock until four the following morning. I do not get time to eat. I would get out the magazine, and pay full first-class postage rates until the last dollar I had was exhausted, if I had to. The loss of the second-class privilege would mean the payment by us on our two publications of probably half a million a year more than all other publications pay. That is not fair competition.

I do not think any fair-minded man can believe that the Woman's Magazine is published financially for the promotion of my other schemes. Rather, it is the other way about. You will find my other schemes have grown out of and centre around the magazine. I have worked hard in the past to earn enough money to carry on the Woman's Magazine. Now it has reached a point where it will carry itself. Night after night, for five years, I have thought over it until today the Woman's Magazine is more to me than all the rest of the world. You can not destroy it. The grip of that paper in a million homes in America was never equaled since publications began. That grip has been gained on the hearts of those people. We have given them fine thoughts, and they believe in us. No one can shake that belief.

THE QUESTION OF NOMINAL RATE.

The question of what is a nominal subscription price is one that vitally affects the Woman's Magazine. The Magazine is published at ten cents a year for twelve copies, less than one cent a copy. That seems nominal. But what was nominal a few years ago is not so in this day of modern manufacturing facilities. A few years ago the newspapers sold at five cents a copy. Now, they are a penny apiece. Magazines were formerly thirty-five cents a month. When Munsey cut his price to ten cents a copy, the publishers thought him a lunatic. But Munsey's, under the progress that has been made in printing and paper making, is no more nominal at ten cents today, than was Harper's Magazine at thirty-five cents five or ten years ago.

I have presses and machines in my establishment that have been built at a cost of nearly two hundred thousand dollars, especially for the production of the magazine—machines that show almost human intelligence. They can turn out two hundred thousand copies a day, which is more than men used to print in a hundred days, twenty-five years ago. As a publisher, I am able to take advantage of the progress in the production of machinery, and all other things that go into the making of the paper. Therefore, I can sell it

at ten cents a year, and make a profit. Mind, you can not separate the advertising from the subscription revenue. You can not take a newspaper or magazine, and cut it in half and say, this side is definite revenue; the other is not. It is all one. You must put the two sides together. You can not separate subscriptions and advertising in any publication, if it is to continue. I do not think there are five publications in America that could continue without their advertising.

Through the facilities that I have been able to get together, I have been able to publish a magazine for ten cents a year. As a straight business proposition it is more profitable at that rate than the Ladies' Home Journal for the same circulation at one dollar a year. It certainly costs them twenty times what it costs me to print. They give for one dollar, sixty pages printed on enamel paper in colors; but they do not even get the dollar. They sell largely through news-agents and subscription canvassers; and through such sales they do not get more than one-half the dollar. I get the whole ten cents—with the exception of club raisers, to whom we allow a small commission. The whole ten cents in most cases is sent direct to our office by mail without any cost of collection.

The question of what is a nominal rate is thus seen to be one of proportion to cost of production and sales, while advertising revenue depends upon the volume of circulation. What would have been nominal a few years ago, is nominal no longer. It is a manufacturing proposition. That is where our new specially equipped plant comes in. If our rate is too low, tell us, and we will alter it. Many of the weekly newspapers sell for twenty-five cents a year, and give fifty-two copies. That is one-half cent a copy. We get a cent a copy for the Woman's Magazine and the same for the Woman's Farm Journal. If ten cents is too low, we will make it twenty-five cents. I will present the fact to our readers, and charge higher. At present I am before them on the basis that I am willing to give them fifteen cents a year out of my own profits. If I am not allowed to do this, I am quite willing to take the other fifteen cents myself.

THE TEN-CENTS-A-YEAR PRICE.

We fixed our price at ten cents for the following reasons:

The problem of securing subscriptions is what has strewn the publishing world with wrecks. It is one of the hardest things in the world to get subscription circulation which is the most profitable kind for advertisers. The average publisher starts a magazine and tries to force down the throats of the people what he thinks they ought to read, instead of giving them what they know they want to read. My idea was to offer the people what they want, at such a bargain in price as practically to eliminate all difficulty of securing subscriptions and all cost of sale. The mere fact of sending the Woman's Magazine into women's homes is such a bargain in itself—and you know a woman dearly loves a bargain—that she usually sends back her ten cents without more urging. All friction is thus taken out of the deal. A woman will often spend eight cents to register her ten cents, in order to be sure of getting the Woman's Magazine.

Our low price takes us out of the stress of competition. A publication at one dollar a year is competing with a great number of rivals. It becomes a problem which one will spend the most money on their paper to get the dollar. One comes out with five colors on the cover. The other one then thinks it has to come out with seven colors. They print on heavy enamel paper, use costly colored inks, and pay high-priced artists for beautiful illustrations to attract the eye of the buyer. They constantly increase their expense in every way to get business away from their rivals.

Now, by reducing the price to ten cents a year, we practically eliminate all that. Ours is a twenty-five page magazine instead of sixty, as is the Ladies' Home Journal. It is printed on much cheaper paper and less expensively; but for ten cents it is a greater bargain. There can be no ques-

tion about that. There is no paper a woman can get at such a price that is so full of good, clean reading, and of editorial comment. We give the reader the benefit of the bargain in price, instead of spending so much to merely attract the eye. We have practically eliminated the cost of sale. We have cut out the news-stand sales to a large extent. We have cut out the expense of great agency organizations. We have eliminated all those features that make circulation getting such a difficult problem. The ten cents we receive, therefore, is really greater in proportion to the cost of the publication than the fraction of the dollar the high priced magazine receives from the news company, or any other source.

HANDLING THE SUBSCRIPTION LIST.

The way we increase our circulation is this: We advertise the Woman's Magazine in other publications, and by various other means. We have built up a good part of our subscription by advertising in other leading publications in America, and telling interesting things about the magazine. We tell the prospective subscribers that after they have received the first two copies, if they would rather have the ten cents back, they can stop the magazine, and we will return the money. People see the magazine in other people's homes. It always strikes them as a great bargain. That is another way we increase.

Then we send out sample copies. We secure a list of names and addresses from some concern like the Richardson Silk Company, to whom thousands of women write about silks and the like. We buy the names from them, and check them up to eliminate the names of our subscribers. We then send them sample copies about three times a year. We are very careful in the use of these names, because they are valuable to us. We pay for this list from five dollars to seven dollars per thousand. We get these names from every leading business house in America. People who would not in many cases sell them to any other publisher in the United States will sell to us. They know we will deal with them honestly, the same as we deal with our readers.

We have never sold such a list of names, or let any one have them after we got through with them. We mark the copies sent to them plainly, "Sample Copy." They are oftentimes our first introduction to prospective readers. The houses from which we secure these names are among the leading advertisers in the country. They may or may not be advertising with us. There is no connection whatever. We never give advertising in exchange for these lists. If we want a list, we ask for it, and pay cash. If the advertiser wants to buy space, he pays cash to us. We do not mix the two. We procure only the names of women customers. With men it is different from women. Not once out of a thousand times will a man subscribe for a paper, even if he has been intending to for a year. But a woman, if you call her attention to a new paper once or twice, will often send in her money. Our subscribers have very often seen the magazine only once. Because of all this, the subscription to the Woman's Magazine is steadily growing. We have offered for over a year one hundred dollars to any one who can name a single town or postoffice in the United States where we have no subscriber. No one has received the prize. The governor of Wyoming and his staff, when they were here at the World's Fair, thought they had got hold of one, and came over to get the prize. They named a little far-away postoffice. We looked it up and found that we had one subscriber. You could have heard them laugh a mile off. The town was a cross-roads mining village, forty miles from a railroad. It consisted of one general store, kept by a man and his wife. We had the man's wife on our list. She was the only woman in the town. When a thing grows to such proportions, the whole people become interested. We are putting our paper today into one home out of every ten in the whole of America.

The proportion of sample copies sent during the year is determined by the law on the subject. The number sent out each issue is determined by our

guaranteed advertisers. We guarantee a circulation of a million and a half. If the expiration during one month is heavy and the renewals light, we send out more sample copies to maintain that circulation.

HANDLING THE SUBSCRIPTION LIST.

We maintain our guaranteed circulation, not only on our expectation of increase, but on our experience of what the average growth will be. We know if we give a better issue each month than the month before, the renewals will increase in proportion. Our policy is to always give the very best we know, and the greatest value we possibly can.

With such a vast circulation, the mere item of handling the subscription lists is a very large expense. The mind does not easily understand what is meant by a million. It takes many carloads of paper and tons of ink to produce each issue. The mere changing of addresses requires the work of eight girls, giving all their time. A mailing list composed of women, is much more difficult to handle than an equal list of men, because of the single item of changes caused by marriage. Then, there are changes on account of removal, death, and the like. All these items cause work and cost thousands of dollars.

We do not carry a subscriber beyond the paid-in-advance subscription period. When a subscription expires, the paper is wrapped in a green or blue cover. That is the end of the subscriber unless he renews. When a person has received it for a year and does not renew, it is because she does not want it. It would be useless to try to get her to read it. The woman that is dead or won't renew, we don't want on the list. We would rather have another live one. The process of eliminating goes on all along. There are always new ones coming in who like the paper, stick to it, and would not be without it. These far exceed the number who drop out because of death or failure to renew.

THE ADVERTISING POLICY.

About advertising. If you look at our magazine month after month, you will find we have largely restricted the class of advertising, until today it ranks with the highest priced magazines. I have just picked up *Printers' Ink* of June 14, 1905, the publishers' technical journal. It has an article to the effect that the *Woman's Magazine* is considered one of the standard publications of America, and stands almost alone in guaranteeing its readers against loss from fraud in advertising.

We have set such a standard today that we are making the other papers come up to it. We don't class ourselves with the mail order papers or journals. We are not so classed by the advertising fraternity. We rank with the *Ladies' Home Journal* and the *Woman's Home Companion*. That is where you can find the *Woman's Magazine* today.

We publish in every issue an absolute guarantee to subscribers. If any reader of this magazine is defrauded through any announcement in its columns, the publisher will make good the loss in cash. This announcement has stood for four years. There is only one other paper in the country that stands with us in this respect—the *Farm Journal* of Philadelphia. We have followed this advertising policy to such an extent that it has sometimes crippled me financially. We will not insert some of the copy that some of the high-class magazines carry. And I will tell you that no newspaper could live if the rules enforced in the *Woman's Magazine* were applied to them. Take any newspaper, and see where they would land if they guaranteed their subscribers, and agreed to make good any loss in cash. They can not do that and live.

This policy has been followed by us from start to finish. As we grew stronger, out went the less desirable advertising from our columns. As we grew a little stronger, out went more, until today the columns of the *Woman's Magazine* will compare favorably with any other high-class magazine in America. As far as we could, we have eliminated from our columns, not only objectionable advertising from the postoffice point of view,

but that which was objectionable from our own point of view. We send out a circular to all our agents and prospective advertisers entitled, "Advertising We Will Not Accept." This defines our position very clearly. We require that all copy be submitted to us for our approval before it is inserted. We also require to see the copy of the follow-up literature and printed matter which advertisers propose to send to the public. Then we follow the matter into the homes. We invite our readers to write us if they have any complaint to offer. Our readers know that every advertisement is endorsed by our guarantee, and that if any one is defrauded, the publisher of the Woman's Magazine will make good the loss in cash.

Our last restriction was to cut out entirely all medical advertising. Some time ago I received a check from the Pinkham Medical Company for ten thousand dollars. I stipulated that I should approve the copy, and required payment in advance to be sure I had the right. They agreed. A year later we decided to cut out that class of advertising, and I refunded them over six thousand dollars. I venture to say this magazine refuses more advertising in a year than any other in America; and on higher grounds. In fact, I believe we turn down directly and indirectly more advertising which we might have, if we wanted it, than we accept. An example is that of Dr. Kurtz. His advertisement appeared in our columns and we had several complaints. He could not satisfy us that he honestly fulfilled his contract with the people. We, therefore, refused business from Dr. Kurtz, amounting to over fifteen thousand dollars. He tried through every agency in the country to force his business in our columns, but we refused it on this basis alone. Lord & Thomas of Chicago, one of the greatest agencies in America, sent us at one time, an order for four full pages from the Cash Buyers' Union, amounting to over sixteen thousand dollars. We refused it on the basis that no advertiser could use the magazine as a business catalogue. That is the stand we have taken and we have stood by it honestly.

You must not suppose that I did not need that sixteen thousand. It was just as good as gold, and was inserted in nearly every magazine in America to the extent of eight and twelve, and in some cases even fourteen pages. We would not accept four, nor three, nor two. We held them to a single page or nothing. I needed that money, but it conflicted with our advertising policy. It is such things that go to make a good paper. For, if a paper does not have the confidence of its readers, legitimate advertising can not be drawn into it. The result is, we are getting more and more of good advertising every issue. One advertising agency informs us that its contracts and orders for the Woman's Magazine and Woman's Farm Journal for this fall and winter exceed the business of any other publication in their office. That tells the tale. It shows this paper has dealt honestly with the people. It shows they want the paper, and that when they get it, they will read it. Otherwise, space in it would be worthless.

The purpose of advertising in the Woman's Magazine is to enable us to publish a paper for the masses at a low price. The benefit of the advertisement goes to the reader. We give him a magazine, such as he could not get otherwise, at many times the price. He gets the benefit of our advertising revenue. A large proportion of our own profits has also been spent for the benefit of our readers. For instance, we took care of eighty thousand people among our subscribers who came to St. Louis during the World's Fair as our guests in a great encampment.

The proportion devoted to the text as compared to advertising, varies considerably during the year. In the summer months the reading matter is twice that of the heavy winter months. In the crowded winter season it will run half and half. We restrict each issue by departments. We never try to get advertisements on those pages which are of greatest interest. We do not attempt to advertise on those pages at all. The large volume of advertising which we carry should not be regarded as a reproach. On the contrary, it is in itself the best evidence that the papers are acceptable

to the readers. Advertisers want results. But these come only if the people read the magazines from cover to cover, see in its columns only what they believe in, and have confidence in every word they read.

THE SPIRIT OF THE MAGAZINE.

When the second-class law was passed, by which periodicals useful to the public could be sent through the mails at one cent a pound, great emphasis was laid upon the intent of Congress to encourage and even subsidize (if you care to call it so) the distribution of good literature to the masses of the people at a low price. The second-class rate was not intended to be limited to a few of the high-priced magazines. The law was meant to apply equally or even principally to the low-priced magazines. I have brought out a paper which comes the nearest to representing the real purpose of that law of any publication in America.

The Woman's Magazine is clean, honest, well printed, carefully edited, and full of interesting and useful matter. The rule that applies from the dome of our establishment to the cellar, is a rule that stamps it as an honest paper. We have one desire: To comply with the law. We have one wish: To do what is right. We are trying to do this to the best of our ability and understanding. Whenever we are wrong and so informed, we try to put the matter right.

We have now traced the evolution of the Woman's Magazine from its inception as the "Winner" to the pinnacle of its fortunes. We have looked at it through the eyes of its founder. We have seen it presented by him from the viewpoints of his relation with his readers upon the one hand, and with the public authorities and his brother publishers upon the other. To complete the picture, it needs only that we should view the whole from the standpoint of the community which was the scene of its activity, and in which it played so conspicuous a part.

THE "DOUBLE SPREAD" IN THE ST. LOUIS REPUBLIC.

During the World's Fair, by arrangement with the St. Louis Republic, a mammoth illustrated feature article, covering two full newspaper pages—known in newspaper parlance as a "double spread"—was devoted to Lewis and his enterprises. The text of this article may be taken as an expression of Lewis' own views, since there is internal evidence that the reporter of the Republic was furnished information by Lewis in the form of printed literature and through personal interviews. The appearance of such an article, however, in a reputable newspaper is equivalent to an endorsement and approval of its contents. Certainly, it is conclusive as to the general state of public sentiment and opinion at the time. For no reputable newspaper, such as the St. Louis Republic, would knowingly hazard the good opinion of its readers. The Republic's story may, therefore, be fairly regarded as a summary of the impressions of the citizens of St. Louis as to the Woman's Magazine and its founder during the summer of the World's Fair at St. Louis.

This marks the hey-day of Lewis' prosperity. This was the posture of his affairs at the holidays in 1904, when Howard Nichols testified that the contrast between his own abject poverty and Lewis' good fortune impelled him to turn informer, and write his celebrated letter of denunciation. The Republic says:



¹Wives of the Japanese Commissioners with Mrs. Lewis and friends

²Japanese Imperial Commissioners headed by Baron Okuma, with ex-Governor David R. Francis and party of notable St. Louisans. Guests of E. G. Lewis at luncheon in the Woman's Magazine Building, November 18, 1904

³Chinese Worlds Fair Commissioners, guests of the Lewis Publishing Company



Delegations of women's organizations, guests of the Lewis Publishing Company
¹Daughters of the American Confederacy ²Missouri Federation of Women's Clubs
³P. E. O. Society

On the night of April 30, 1904, after the dedication ceremonies opening the World's Fair, a great light suddenly burst out in the sky, sweeping from north to south and east to west in a blazing, blinding beam of seven feet in diameter, the reflection of which was seen as far away as Kansas City, nearly three hundred miles. Everyone in St. Louis wondered what it could be, and where it came from. It seemed to start from a high point in the West End of the city; and only a few of the initiated knew it was the great searchlight on top of the dome of the Woman's Magazine building on University Heights. Since then it has swept the sky nightly. This light is the crowning glory of the most beautiful building in St. Louis, which in turn is the home of what is probably the most wonderful enterprise in the world. The light itself is by far the largest and most powerful searchlight in the world, having been built at a cost of twelve thousand dollars, and requiring nearly a year to construct. It marked the final completion of a building which probably has few equals in the world, and which is a source of pride to St. Louis and its people, not alone because of the beauty and magnificence of the building itself, but because it contains an enterprise known all over the world, and one with which most of the very best people of our city are now identified and are very proud of. This great building is open to visitors day and night.

ORIGIN OF THE WOMAN'S MAGAZINE.

Twenty years ago, a young boy of fourteen started to publish a paper. It was to be a magazine for the great mass of the people. It lived a week, (it was a weekly). It cost the youth his billy goat and several other valued assets, but it went into honorable liquidation and the bills were paid. The paper died, but the idea lived on in the boy's mind. Three years in college and twelve years of hard work in the endeavor to accumulate enough to start that paper again, and start it right, finally resulted through misfortune in his arriving at about where he had started, so far as capital was concerned; but, with a wide and general fund of experience in business methods and finance, and the idea still firmly fixed in his mind of publishing "the greatest magazine the world ever saw." At this point the bull was taken by the horns, and the magazine launched with a cash capital of one dollar and twenty-five cents on what proved to be the most remarkable career any publication has ever had. Today, five years from its birth, The Woman's Magazine has a paid subscription list of one million, six hundred thousand subscribers, reaching one out of every ten homes in America, each issue, employs five hundred people in its production, owns the finest and largest publishing plant in the world, built for spot cash at a cost of over half a million dollars; requires fifteen carloads of paper to produce it and eight tons of printing ink to print it; has its own postoffice and mail cars; pays into the United States Postoffice Department a quarter of a million dollars in postage per year; has a companion magazine, The Woman's Farm Journal, with a circulation of six hundred thousand copies each issue; reaches every postoffice in the United States and Canada; receives a daily mail of from ten thousand to thirteen thousand letters; earns for its publisher over a quarter million dollars per annum, net, and has a capital of a million and a quarter dollars.

Yet, the subscription price of this magazine is ten cents per year, or two dollars for life.

It all sounds like a fairy tale, but there in the West End of St. Louis, in one of the best residence districts, stands the great building, surrounded by eighty-five acres of beautiful grounds, laid out into a grand residence park, in which the officers of the publication are building their homes and where "Camp Lewis" has suddenly appeared, with its thousand snowy-white tents, electric lights, and all the comforts of home, ready to care for the thousands of readers of the Woman's Magazine and Farm Journal who shall visit our great Exposition. It all shows what a man can do if he will only go at it right, do it right, and keep at it. There is one thing, however, that is not

generally understood, which has caused this great industry, now a public enterprise in scope, to be almost unknown to the people of St. Louis, its home. By a curious construction of the postal laws, a monthly magazine cannot circulate in the city in which it is published, excepting at great loss to the publishers, as the postage on the Woman's Magazine to a subscriber in St. Louis would be just sixteen times as much as to a subscriber in the Philippine Islands, or any part of North America.

A VISIT TO THE OCTAGON TOWER.

Forming, as it does, one of the proudest features of St. Louis, a full knowledge of this wonderful establishment should be had by every St. Louisian, in order that visiting friends from a distance may not know more about the largest publication in the world than the people in its own city.

Taking the Delmar Garden car, the representative of the Republic reached the entrance grounds of the great octagonal building, which stands on a high hill over-looking the World's Fair, and which is now a landmark from all parts of the West End. Beautiful walks lead up to a grand entrance, on each side of which stand enormous carved stone lions ten feet in height. The office building proper is octagonal in shape, built of cut stone, terra cotta, brick and steel, eighty-five feet in diameter by one hundred and thirty-five feet in height, and crowned by an immense dome of copper, about which are perched sixteen carved Cupids, each ten feet high and weighing two and one-half tons. The ground floor is open like the interior of a great bank, and, in fact, was designed for a great bank, which is to do business through the mails exclusively with the two million families which read the magazine. The floor is in mosaics, and about the grand central staircase, the bank fixtures, of marble, hardwoods and bronze, are grouped. In the centre of this floor rises what is probably the most beautiful stair in America, built of white Italian marble and bronze, at a cost of seventeen thousand dollars.

On the second floor a balcony surrounds the central stair well, upheld by eight great marble pillars. This balcony is faced to the ceiling with beautiful marbles, while on the ceiling itself are superb mural paintings by one of the foremost artists of America. About this balcony are the editorial and executive offices, finished in hardwoods and beautifully decorated. At the head of the stair is the president's office, probably the most beautifully furnished office in the city. Behind the president's desk sits a young man of thirty-four, slightly gray about the temples, of medium height and slender build, quick and active, with vitality and force in every movement, but quiet and gentle spoken. This is E. G. Lewis, the creator of The Woman's Magazine, president of the Lewis Publishing Company, with a million and a quarter dollars capital; of the University Heights Realty Company, with a million dollars capital; and a director and officer in several companies, with several other millions capital. He is the same person who, twenty years ago, sold his billy goat to start his first paper. He lives in a quiet little home on Euclid avenue, which he bought on the installment plan some years ago, and, so far as I can learn, has one chief ambition, to publish "the greatest magazine the world ever saw," treat everyone honestly and fairly, make his employees love him, and spend his spare moments with his wife, who is also the second vice-president of the company. He says that when he dies he wants to be buried right under the centre of his great domed building, and that he carries half a million dollars life insurance, so that every promise and pledge made in life may be carried out in the event of his sudden death. If he lives, he will carry them out himself, for that is his record. No man in St. Louis holds more firmly the confidence of the bankers and business men of our city. No other corporation or enterprise ever before had so many of our foremost citizens, bankers, merchants and professional men associated with it as has the Lewis Publishing Company, making one case at least, where a prophet has been honored in his own city. It is related of Mr. Lewis, as an illustration of the spirit and grit that has

enabled him to build up such a business, that in the days of the early struggles with his magazine he once spent five consecutive days and nights on the trains between Chicago and St. Louis in order to protect his "promise to pay" a certain obligation, rather than go to the party who held it and ask for an extension of time.

Leaving the editorial floor, one passes up to the third floor, on which are located the composing room, artists' studio, filingrooms, where the millions of letters are all kept carefully filed for instant reference; the mailing-room, where the outgoing correspondence is folded, put in its envelopes and stamped (for even this simple process requires the work of twenty girls), and the barbershop. On the fourth floor is located the great subscription room, where one hundred and eighty young women care for the vast detail of the subscription list, numbering over two million subscribers. Here every subscriber's name is carefully kept in cash files, and eight young ladies occupy all their time in making the changes in address made necessary each day by the moving about of the two million subscribers. If one family out of a thousand moves each month, this means two thousand changes to be made each month in the subscription files. The light and ventilation in this room are perfect, and every possible comfort and convenience is provided.

On the fifth floor a grand banquet hall, occupying the entire floor, is being finished off with a domed ceiling, thirty feet in height.

THE MAGAZINE PRESS BUILDING.

Ascending to the observation platform at the top of the great dome, all St. Louis can be seen from this, by far, the highest building in the city. Directly to the east the finest residence district of the city reaches almost to the corner of the grounds, while to the south, Washington University and the World's Fair grounds seem so close one could almost jump off into them. Descending to the basement, one passes through a short tunnel into a great palmhouse and conservatory, one hundred feet in width, now being filled with the choicest plants; then, down a stair to a grand balcony overlooking the largest and most complete pressrooms in the world, two hundred and seventy-five feet in length by one hundred feet in width.

Here visitors can sit and watch the wonderful process of producing two million completely printed and bound copies of the two publications owned by the company. This is done in eight days' time each month. On one side is a row of nine great presses. On the other are eight great folding and binding machines. Against the wall, at the west, are the massive cutting machines, which trim the edges. In the middle stand seven Government mailcars in line waiting for the two hundred tons of magazines that go out to all quarters of the globe each issue. Not a shaft or belt is in sight. Each machine is run by hidden motors, receiving their power from the great noiseless engines at the far end. Throughout both buildings every convenience and comfort for the employees has been provided, even to the piping of drinking water from a spring half a mile away, so as to flow out in little marble fountains in each room.

"It is not generally known," said Mr. Lewis, "that over seventy-five per cent of the population of this country resides in the small towns, villages and rural districts, and that over eighty per cent of the wealth of this country is held by these same people. There are today hundreds of beautiful magazines printed for and sold on the news-stands of the great cities, but they utterly fail to reach the great seventy-five per cent. They aim at the highest in art, presswork and illustration, in order that they may command a ready sale in competition on the stands, they depending on catching the eye for their sale.

"We believed that a carefully edited, well printed, well illustrated magazine at a low price, and with reading matter that would enter into the daily lives of the great mass of women would catch and hold their hearts. It is

not what the price of the magazine is that really counts. The woman who writes us a letter enclosing ten cents for her subscription, and then registers the letter at a cost of eight cents, is sending for it because she wants to read it. We try first of all to give our readers what they want to read, and not what we think would make the most high-toned paper. A pattern of a stock collar that any woman could make out of a handkerchief comes nearer bringing results than an illustration of a superb piece of fancy work that only a Japanese artist could make.

"It must be a relief to the average woman who has gazed at the illustrations of Vanderbilt's and Astor's homes to pick up the *Woman's Magazine*, get back to earth and learn how she can take a common drygoods box and make a dresser for the servants' room out of it at a cost of fifty cents. Even as to fiction, we have all copy read by several different women readers of various temperaments, in order that the stories they select may strike the general average of womankind. Our guarantee to our readers to refund to them any loss they may ever sustain by answering a fraudulent advertisement in our columns, gives confidence in our advertisers; and we never fool our readers with catch-penny schemes.

"I would rather be the president of the *Woman's Magazine*, and hold the trust and confidence of its two million families of readers, than to be the President of the United States. No man on earth could sit at my desk and read the thousands of trusting, encouraging letters that I do, and ever do those people a wilful wrong. To tens of thousands of them I, as the head of this paper, am the confidant and adviser in distress, or in business matters extending outside of their own immediate circles.

"The beauty of this great building must reflect itself into the contents of the magazine and the lives of our employees, and impress on each that they are a part of a great organization dealing in and creating the thoughts of two million minds—an organization probably more powerful for good or evil than any other single enterprise in the country. The mere getting of dollars must take a back seat in the face of such a condition. I have noticed time and again the remarkable broadening out of the views of life held by the people about me, as they grow into positions of responsibility where they come in contact with the great thought force of these two millions of minds.

"It cannot be understood by an outsider; when mentioning the value of such a franchise, I am frequently asked how much our types and presses are worth! They and this great building are but the smaller details visible to the eye, of a power that is growing as no power ever grew before, by the good wishes, confidence and co-operation of two million well-to-do and intelligent American families."

As he spoke the burning of passion seemed to turn the modest young man into the great galvanizing battery of force and action that has created and drives forward the largest publication in the world. The hard struggle in life that Mr. Lewis has gone through seems to have deeply imbued him with a desire to help the great mass of people of moderate means who seldom have an opportunity to help themselves. The piling up of a great fortune for himself does not figure in his plans; for, as he says, "I can't take it with me; but I can take the love and respect of my two million readers."



¹Single day's incoming mail of the Lewis Publishing Company during a busy season
²Average daily outgoing mail sacked for transmission to the St. Louis Postoffice

SUBSCRIPTION AGREEMENT.

I hereby subscribe for the number of shares of the six(6%) per cent cumulative preferred stock of "The Lewis Publishing Company", (a corporation to be formed) which are set opposite my name to this subscription agreement. And I hereby agree to pay said company therefor one hundred (\$100.00) dollars per share, when, and as called for by the proper officers of said company. The par value of said stock is to be \$100.00 (one hundred dollars) per share.

[illegible][illegible]

Photographic reproduction (greatly reduced) of the original subscription agreement for the preferred stock of the Lewis Publishing Company. Lewis personally canvassed the representative business men of St. Louis at the organization of the Lewis Publishing Company in 1903 and secured their autograph signatures to the above document. In addition to a large number of representative St. Louis bankers and business men, this list includes the names of several of Lewis' wealthy out-of-town backers. The relations of these various persons to Lewis and his enterprises are fully developed in the accompanying text.

CHAPTER XIII.

BANKING BY MAIL.

THE OFFICIAL PROSPECTUS—ORIGIN OF THE BANK—THE MAIL ORDER BUSINESS—DIFFICULTY OF REMITTING SMALL SUMS—ADVANTAGE OF A MAIL BANK—THE LETTER TO A MILLION PEOPLE—THE PUBLIC RESPONSE—LEWIS' OWN STORY—THE QUESTION OF MOTIVE.

The Woman's Magazine was the mother of the People's United States Bank, Lewis' most renowned, and perhaps, withal, the most potential of his achievements. No one, other than himself, could portray this child of his imagination with the warm and vivid coloring in which it glowed before the eye of his creative fancy. The conception of the bank has been often traced by him from its first germ—the difficulty experienced by his customers in remitting their dimes to the Winner and the Woman's Magazine—to its full fruition as a two and a half million dollar enterprise. All the stages of this development were clearly indicated in circular letters, prospectuses, and articles in the Woman's Magazine. Through these the evolution of the project may be observed and studied.

The whole conception appears to have taken on its final and definite form in Lewis' mind during the summer of the World's Fair. The great concourse of people gathered as sightseers from all over the world, brought to the Woman's Magazine, as we have seen, an extraordinary number of its readers. Among them were many bankers, both from cities, and from country towns and rural districts. All had been acquainted with the bank project through Lewis' articles in the Woman's Magazine. Many had been in correspondence with him on the subject. Each day during the World's Fair, therefore, witnessed a constant succession of interviews between Lewis and a multitude of interested callers. So incessant in fact became these demands that Lewis was compelled to arrange group meetings, and deliver his views in an address followed by informal discussion. Such meetings took place in the Woman's Magazine Building at frequent intervals during the summer of 1904. Lewis was also called upon to present his banking project to groups of bankers and other interested persons in Kansas City, Chicago, and other cities. Representative bankers of St. Louis were in almost constant conference with him on the subject.

Lewis felt that a combination of circumstances so exceptional, could only happen once in a lifetime. He, therefore, laid aside all other work as much as possible and devoted his time to what he believed to be the solution of a great political and economic problem.

Finally, as the summer drew to a close, the full orbéd conception of the People's Bank swam dazzlingly before his mental vision. In August, 1905, after a series of earnest conferences, the impulse seized him while at a white heat of creative activity to project the whole scheme on paper, and thus, once for all, clarify it in his own mind, and lay it definitely before the public. From early morning, until late that night, without any break except for luncheon, he paced back and forth in his sanctum at the head of the grand stairway in the octagonal tower, dictating continuously in vivid word pictures and striking imagery, the details of his great conception. Thus the subject-matter of his principal prospectus, "Banking by Mail," took shape.

Over a million copies of the large pamphlet, the size of an extra issue of the *Woman's Magazine*, were printed, and distributed among his readers. Copies were mailed to every bank in St. Louis, with a request to investigate the project and offer suggestions which might enable the proposed institution to co-operate helpfully with the local banks. Copies were also mailed to all other banking institutions of the United States. This prospectus was in short the instrument used by Lewis in building up the enormous subscription list to the stock of the People's Bank, which in the end exceeded the proposed capitalization of five million dollars; and more than one-half of which was actually paid in.

The text of this pamphlet thus possesses a double interest. Not only is it the clearest and most cogent presentation of what the People's Bank was designed to be. It also has value as an historical document. For Lewis, as we shall see, upon his defense on the charge that the People's Bank was organized as a scheme to defraud, was permitted to read this pamphlet in its entirety to the jury. He was not only acquitted, but he alleges that members of the jury waited upon him afterwards, and expressed regret that they had not been among the investors of the bank.

At the head of the first page occurred the following paragraphs in boldfaced Gothic type, under the caption, "Introduction." Particular attention has been directed by Lewis' attorneys to the following sentence: "It is, of course, understood that such modifications as may be found necessary for best accomplishing the end desired, will be made under the advice of skilful bankers, but the plan as outlined here is essentially the one I intend to carry through." Does the language employed here and throughout this pamphlet bear the ear-marks of conscious fraud? Or, is it simply the mode of address best adapted to the comprehension of the masses to whom it was dispatched? This issue is raised by the charges afterwards made that the People's Bank was designed by Lewis as a fraudulent scheme. With this thought kept closely in mind, the reader will be in a position to appraise for himself these official utterances of Lewis as its promoter.

INTRODUCTION.

In the following pages I have endeavored to give a clear insight into the purpose, plan of organization, and method of operation of the proposed Mail Bank. First, as comparatively few could have much knowledge of the inner workings of a great magazine, I have dealt with the causes that lead up to my undertaking the great labor of such an organization. It is, of course, understood that such modifications as may be found necessary for best accomplishing the end desired, will be made under the advice of skillful bankers, but the plan as outlined here is essentially the one that I intend to carry through. The division of the stock into one dollar parts (one one-hundredth of a share), the certified check system, the savings accounts, the re-deposit system, and the mail remittance system are all details of a plan which, in its completeness, will mean one of the strongest, most resourceful, and profitable banking institutions in America. It will be the PEOPLE'S bank. The whole plan has been the result of years of careful study of conditions which have grown up in this country unheeded by any bank.

No new idea, which tends to alter old customs, can escape adverse criticism. Had I called together all the publishers in the world five years ago, and asked their advice about publishing a ten-cent per year magazine, hardly one would have encouraged me. In the plan of our bank I have avoided creating new and untried forms, as far as possible, but have adapted the usual and customary forms, such as the certified check, to the new condition of things. I urgently desire the fair criticism and advice of able bankers on the plan. The reception of my idea by the public at large has been such as to establish beyond question the opportunities that are open to such a bank, and the national need for it. Over fifty thousand subscriptions to the capital stock have already been sent me, of which over one thousand are from bankers in all parts of the country. I am in monthly contact with over two million families, and have already established an organization that has the confidence and good-will of probably ten million people.

The great mail order houses, doing hundreds of millions of dollars of business through the mails, have not only welcomed my plan, but many of the largest of them have offered to advise fully their hundreds of thousands of customers about our bank, and to urge the use of our certified check system through notices kept standing in their merchandise catalogues. I predict the highest price for the stock of the People's Mail Bank ever reached by any bank stock. If the prosperity, safety and convenience of hundreds of thousands of homes can be added to, even a little, by this bank, it will stand as one of the noblest institutions in America.

Immediately beneath this resounding introduction occurred the following paragraph, which, in both style and substance, forms a good example of the mode of talking to his readers by which Lewis won their confidence, but which is challenged by his critics as obviously bombastic and insincere.

I am personally investing practically every dollar I have in the stock of this bank. The very life of my great publishing business, now earning over a quarter of a million dollars net profit per year, is staked on this proposition. For if the bank did not prove the success I predict, I would lose the confidence of my two million readers. So I have more at stake than all the other stockholders in the bank combined. My great magazine is dearer to me than life itself. It is the creature of my brain, and has been reared in the ceaseless labor, night and day, of five of the best years of my life. I would rather be president of The Woman's Magazine and The People's Mail Bank than President of the United States. I pledge all the manhood and strength and courage there is in me to The People's Mail Bank.

The limitations of space forbid a reproduction of the whole of this prospectus. What follows, therefore, has been condensed in Lewis' own words and with fidelity to the spirit of the original, but with considerable omissions. The net effect is to give in brief compass the substance of the argument and appeal by which, in the course of a few months, he secured subscriptions in excess of five million dollars.

ORIGIN OF THE BANK.

Early in the life of the Woman's Magazine, as the confidence between the reader and the publisher grew, a new feature developed. I began to receive sums of money, some of them very large, from out-of-the-way places, all over the United States and Canada. These I was asked to keep until called for, because the sender had no safe place to put them. The nearest bank was perhaps twenty or thirty miles away. The owner of these sums, ranging from a few hundred to several thousand dollars, either distrusted this little local bank, or feared that others would know too much about his business. Most men and women in small communities, while they might otherwise be willing to do business with local banks, do not want their friends and neighbors to know how much they have, nor where it is deposited. This feature is developed to the extreme in the remote rural districts. Most savings accounts are from women, but the average woman does not want even her own family to know much about her finances.

I became in time the centre of the confidence of a million people. They would send me a map of their yard, showing me where they had buried their money, saying how much it was, and telling me what to do in case of their death. They would write that outside their own circle of friends there was no other man in whom they could trust. This feature grew almost as rapidly as the paper itself. At one time I had almost a quarter of a million dollars of this sort. It became necessary to originate some system of handling this money, and some form to limit my responsibility. The people did not want to spend their money. They wanted to know that it was safe, and that they could get it in time of distress. In the meantime, my reflection on the thoughts of a million souls had developed in my mind the idea of the People's Bank into what, I think, will be one of the grandest institutions in America.

About this time I organized the Lewis Publishing Company with a capital of one million, two hundred thousand dollars. The two hundred thousand dollars is in preferred stock retiring at the end of five years. This was taken privately by the foremost citizens of St. Louis. I spent over a hundred thousand dollars in the decorations of the buildings. It is today the most beautiful publishing plant in America. The institution of the Lewis Publishing Company became a perfect machine working without discord. I enjoyed the love and confidence of its four hundred and eighty-odd employees. This beautiful life and the atmosphere created by these beautiful buildings, were reflected into a million homes. I had a staff of people in intimate contact, by means of letters and through the magazine, with all this scattered mass of people. We gave advice and help to the country people, and shared their hopes and fears. One thing that struck me after the magazine had become successful, was the fact that while eighty per cent of the wealth of the Nation was held by the people in the rural districts, yet those people had no great central banking institution with which they could deal. They had no one to whom they could refer for information and advice on their investments. There is no way for the man forty miles back in the woods to know which business concern is honest and which is not. He has no one to advise him, in whom he has confidence, or who is competent to do so. He naturally turns to the editor of his monthly

magazine. The relations of a publisher with his readers are, therefore, in many respects similar to those of a father with his family.

THE MAIL ORDER BUSINESS.

Another point was the large increase of mail orders, and the lack of easy means of payment. In the past eighteen years there has grown up in this country what is known as the mail order business. This consists of great general and specialized merchandizing houses, located in the large cities, but dealing with hundreds of thousands of people located in the rural districts, through the mail, for the purchase of all the comforts and necessities and luxuries of life.

The nearest store keeps canned goods, calico, rubber boots and similar staples; but, if the people want comforts and luxuries they must get these from the mail order houses. These send out large illustrated catalogues, and not being under the necessity of maintaining great establishments on the prominent thoroughfares, are able to sell to the people in the country at closer prices than even the people in the city can obtain. These mail order houses, dealing with hundreds of thousands of customers, often take the entire output of great factories. They can thus supply each of their customers at lower cost than if he lived in the biggest city. So great has this business become that two houses alone—Sears, Roebuck & Co., and Montgomery, Ward & Co., both of Chicago—last year did over fifty millions of dollars' worth of business through the mail. The total, in 1903, exceeded one billion dollars in this country alone. Every dollar of this was sent through the mail. And yet in this country, today, there is no form of postal remittance that is either convenient or safe. No bank has grown into existence that cares for this class of business. The presidents of the usual banks do not know much about the mail order business, and yet it amounts in all to hundreds of millions of dollars a year.

DIFFICULTY OF REMITTING SMALL SUMS.

The remittance of small amounts by mail is not easy. If, tonight, I desire to remit six dollars and a half to a concern in New York, although I am living in the fourth largest city in the United States, I should have to go downtown and buy a postoffice money order or a certified check. Think of the man or woman who would have to go forty miles through woods to his postoffice, perhaps through a snow storm, to get a postoffice order to pay for some goods he might wish to order through the mail. One of the greatest difficulties of the mail order merchants is this very thing. They receive tens of thousands of dollars' worth of postage stamps. They receive also great sums in currency. The loss of currency through the mail is an enormous item. They receive also thousands of letters in which the writer says she will send an order for goods on Saturday when her husband goes to town so that he can buy a postoffice or express money order. All these letters would be saved if there were any convenient means of sending small amounts of money. Seventy per cent of the postoffices of this country do not issue money orders at all, yet nearly eighty per cent of the wealth is held by the people in these rural districts. This money is not in any bank. Further, there is no bank yet in existence that can get it. If a great bank of Chicago or New York attempted to get this saved-up money, they would have no knowledge or training that would fit them for dealing with these people. The banks could not handle the business. The rural people never heard of these banks. Even should the banks get it, they could not hold the connection unless the depositors heard from them at regular intervals. If the depositors did not hear from them every month or two, they would be inclined to draw out their money. No bank with a hundred thousand depositors could write a letter every week or month to all its customers. There must be some medium of constant communication. This medium is provided by a great publication such as a monthly magazine.

Then the great banks open at nine and close at three. The woman who wants to deposit ten dollars must lose a morning and spend the interest of a year in carfare going to and fro. When she reaches the bank the man beside her wants to deposit ten thousand dollars. The clerk impatiently takes her book, enters her ten dollars, and thrusts it back at her. She takes a look at the marble pillars, thinks how poor and mean she is, and goes out feeling embarrassed and even ashamed. Under the mail order system she deposits her money through her local postoffice, unknown to any one, and by return mail her book comes with a letter from the president of the bank thanking her for her deposit, and telling her she is one of the people who are adding to the prosperity of the Nation.

ADVANTAGE OF A MAIL BANK.

Then, too, no great bank with its present organization could handle over its counters the accounts of hundreds of thousands of people from the country, each account so small, in itself, as hardly to be worth the having. They would require hundreds of paying and receiving tellers, and a banking hall covering several blocks. The mere process of handling these small sums of money would eat them up in expenses.

Further, every city bank that attempts to take small accounts is subject to the danger of a run. The greater the number of small accounts the greater is this peril. The man with a hundred thousand dollars is not going to stand all day at the bank and increase the panic. But the woman with ten dollars in it, which is her all, will not only do so, but will bring other frightened women of the neighborhood. Let but a woman faint in front of a bank, and let a crowd collect, and she be carried in, and by nightfall that bank may have a run on it. That means a thousand people at its windows. Then any statement by one, no matter how absurd, is echoed to the other nine hundred and ninety-nine. The next thing is a long notice in the evening papers. A panic is only made when a whole crowd gets frightened. Now, by a mail banking system, such a condition is a physical impossibility. One man cannot communicate his fright to another. There might be a "run" from ten thousand people, and no one would know of it. The bank could take its time and meet it by drawing gradually on its resources.

Such a bank could do business with the whole country. It would be equally accessible to the man in the logging camp, and the woman in the tenement. Its accounts, small in themselves, in the aggregate would be enormous. The postal bank of England has two hundred seventy-four millions of dollars in deposits. The Bank of England has borrowed from this postal bank from time to time over seven hundred million dollars. Yet, its average account is only fourteen dollars. The Bank of France has three hundred millions in deposits, yet its average account is but thirty dollars.

Such a bank in time of stress would be a great equalizing force. In case of a national panic, the little local banks are the first to feel it. The depositors wonder how their president stands, and quietly begin to withdraw their money, and hide it in socks and pots. This is no reflection on the local banks. They are a part of the backbone of the financial system. But the rural people cannot trust their local banks as they could a great central institution. This bank of ours will not interfere with the local banks. Rather will it be a source of strength in times of panic, through its ability to supply funds at reasonable rates, and on long time and good security. We will use the local banks as agents in placing bond issues. Our certified checks will provide for them a profitable form of exchange.

WOULD BRING HOARDINGS INTO CIRCULATION.

There is not today in this country any great banking institution with enormous capital and resources in which the people of the country feel confidence, and to which they will send their money. Let such an institution be once started, and it would be the recipient of enormous sums of the savings and hoardings of the moderately well-to-do. It could put this

money back into circulation and substitute certificates of deposit in the socks and old pots, instead of actual currency.

More money is saved up to put into the banks than they ever receive. Probably only one-third of the total currency is in the banks. Allow one-third as being in circulation. The remaining one-third of this country's money is hidden in socks, pots, drawers and fireplaces. Most of the money that this mail bank that I am organizing will get, is not today in any other bank. No other bank can get it. It is the one-third, hidden away and withdrawn from circulation, that I am after; and no other institution in America besides this one is so situated as to be able to draw it out. I am not speaking on theory, but on actual existing conditions.

I first began presenting the features of this mail bank to my readers in a circular letter under a one-cent stamp. What was the result? Over forty thousand of them immediately sent in their subscription to its capital stock. These forty thousand, according to their letters, were ready to deposit an average of three hundred dollars each. This means that practically twelve million dollars, or two and a half times the proposed capital of the bank, is at this moment waiting and available as deposits.

I believe that a great bank, owned by the people, paying its earnings to the people, standing like the rock of Gibraltar between the people and the unscrupulous stock speculators and swindling schemers who hold out hopes of sudden riches; a bank, with a hundred thousand families owning stock purchased at par; a bank, with half a million small depositors; a bank, which no man or clique of men could ever gain control of for their private ends; a bank that was so far from the control of any body of wealthy speculators, so fearless and so strong that it would stand as counsellor and advisor for the vast number of people who, having now no such institution, are taken in and defrauded in a thousand schemes, would become the most powerful financial organization in the world. Such a bank must be equally accessible to the man or woman a thousand miles away as to the one near by. It must transact its business through the mail.

A LETTER TO A MILLION PEOPLE.

The nature and substance of Lewis' appeal to his readers will be more clearly grasped if we insert at this point a copy of his first circular letter on the bank. He sent out more than a million of these to his readers on the letterhead of The Lewis Publishing Company during April and May of 1904. With this letter the practical organization of the bank may be said to have begun. It must be remembered that this is a part of the "literature" on which the charges of fraud by the postoffice are based.

About four years ago, I started the Woman's Magazine with a few hundred dollars capital. It is today the largest magazine in the world, having a million and a half subscribers. It employs three hundred people, does a business of a million dollars a year and is earning for its stockholders a profit of over a quarter of a million dollars a year. Most of the foremost bankers and business men in St. Louis are interested in it now. Had you come in with me four years ago at the start, with only five dollars, you would today be worth five thousand and have an income of one thousand dollars a year. This wonderful growth has been due to one fact—the co-operation and assistance of a vast number of people, each contributing ten cents a year, yet all combined, making an enormous sum of money.

I am about to undertake a new enterprise which I have been studying over for a number of years. As you know, the great banks and trust companies of this country, with their millions of dollars of surplus profits and their enormous dividends paid to their stockholders each year, are owned and controlled by a few wealthy men. These banks, with their great deposits, have become an enormous power in this country, enabling those at

the head of them to carry out and finance great enterprises, and to earn enormous profits for them. I believe that, with the help of my readers, I can organize one of the greatest banks and trust companies in the world, doing its business entirely by mail, and becoming one of the greatest powers in the country. As an illustration of this, if each one of my readers were to contribute the small sum of fifty dollars to the capitalization of this trust company and bank, it would be the most powerful bank in the world today, with a capital of one hundred million dollars.

My plan is this: In a few days I shall organize the Woman's Magazine Postal Bank and Trust Co. I have asked five of our foremost bankers in the city of St. Louis to act with me as the board of directors in the management of this institution. I want each one of my readers to become a stockholder in this great bank and trust company to the extent of at least one dollar, which is about the sum I started with myself a few years ago. For every dollar that my readers put into this bank as capital, I will put in one dollar myself to the full extent of my own private fortune. In this way, I expect to organize a trust company and bank which will become one of the most powerful factors in the financial world and which will be owned by my readers and myself equally.

This bank will carry on its business entirely by mail, so that those in small towns and rural districts who wish to deposit with the bank, can do so by mail or draw their money by mail more conveniently than they could with the nearest local bank. We have worked out a wonderful system for this and have applied for patents on it, so that no others can take advantage of it.

The greatest bankers in the city of St. Louis, who are among the most substantial and experienced bankers in the world, will be on the board of directors with me and assist in the management of this institution; but, from start to finish, it will be a bank of the people, for the people, and a means whereby the man or woman with a single dollar invested in its capital stock becomes a part owner of the bank and will share in the profits and earnings of this great financial institution. Its depositors will be spread over the world wherever the Woman's Magazine and Woman's Farm Journal go. The ordinary bank must compete with a dozen other banks in its own town of a small population, while we have two million families who are subscribers to our papers and their ten million friends, giving the proposed bank and trust company the greatest resources of any bank in the world. Such an institution owned by our own readers would become one of the greatest powers in the world today—a power with which even the Government would have to reckon in the floating of its bonds.

I want you as one of my readers to join with me in this great enterprise to the extent of at least one dollar. If you have friends or children, send a dollar for each of them, or you can send as much more as you wish. One share of stock will be issued to you in this great bank and trust company for each dollar that you send. It will be organized under the laws of the State of Missouri, which are the strictest in the country. It will have the advantage of the judgment and advice in its affairs of the foremost bankers of St. Louis. Its capital becomes a bulwark and safeguard, its stock can not be assessed; and I promise you that, if it is within the possibilities of a human being to do so, that I will make this great bank and trust company as successful and profitable to you as my great publishing company has been to those who joined me in it. Your few dollars invested in the stock of this company may in a few years from now have done for you what a few dollars invested with me at the start have done for my stockholders in the publishing company—made them well-to-do.

I believe that I am offering you the opportunity of your life. I would rather have one dollar each from my readers than a large sum from any one person. The capital for this bank has been offered me by several great bankers in St. Louis; but I want my readers to join with me in this

proposition. I want at least a single dollar from each of them, and I want every one of them to come in with me; and if you wish, you may, as I have said, put in a dollar for each of your children or relatives, or as much more as you please for yourself.

I expect to have all the details of the organization of this great bank and trust company complete in a few days, so that it is necessary for you to answer as quickly as possible if you wish to join with me. Furthermore, I have worked out a plan whereby, as soon as this great bank and trust company is organized, each of its stockholders, even though they own but a single dollar's worth of the stock, will become our permanent representative and agent in their own place of residence, and by my plan, of which I will tell you as soon as the bank is formed, you will be able to accumulate a nice little bank account of your own through representing the bank in your community.

Do not lay this aside, as I shall not make the offer to you twice. If you wish to join with me in this great enterprise, sit down at once and fill in the blank that I enclose, and send it back to me by return mail. As soon as the bank is organized, the stock will be properly registered and issued to you.

Very truly yours,

E. G. LEWIS,

President of The Lewis Publishing Company.

This is the first and only time people of moderate means have ever had an opportunity to secure an interest in a bank.

THE PUBLIC RESPONSE.

The response to the above circular was immediate and overwhelming. Each mail brought Lewis from five hundred to a thousand subscriptions to the capital stock of the bank. He soon realized that a capital stock of one hundred thousand, or even five hundred thousand dollars, would be very largely over-subscribed. He, therefore, determined to increase the proposed capitalization to the total sum of five million dollars. In brief, this initial promotion effort, owing to the enormous circulation of the circulars and magazines, was a huge success.

Returning once more to the introductory article from "Banking by Mail," Lewis comments upon the response to this first circularization of his readers in the following manner:

Probably no other man ever went through quite such an experience as I did during the three months from April to June, 1901. To spend years carefully studying out the plans of a bank organization, and then present it to the public in a few letters and in the magazine; and see it caught up like a whirlwind, responded to from every part of the Nation by entire strangers, from the most prominent bank officials to the poorest laborer in the camps; to read the expressions of confidence and trust and good-will of a million families, would make any man pledge his life and ability to carry through the project to the end.

At first, it was like the rustling of the wind in my ears. My own thoughts developed by imperceptible degrees through the suggestions and letters of a million people. Then came the actual proving of the proposition, and the request for subscriptions. Then, like the roar of the ocean, came the response from every quarter of the Nation.

These people told me how much money they had for deposit when they sent in their subscriptions to the stock in the bank. Judging from what they say, I can easily predict that within a few years, our bank will have over a hundred million dollars in deposits. If I had made the prediction five years ago, with nothing back of me, I would not be entitled to any

credence. But as, during these five years I have built up on similar lines, the largest and most profitable publishing business in the world, and have erected and paid for the finest and costliest publishing plant in the world, as the result of the publishing business; and as I am today in daily intercourse with the two million families, knowing their thoughts and what they want, I am entitled to a reasonable belief that my statements are likely to be correct.

I have personally read and answered during the last few weeks, over twenty thousand letters on the bank, from every conceivable kind of man and woman, from metropolitan bank presidents to coalheavers in the mines. I know what I am talking about, not from theory, but from actual contact with the thought of the people in the country.

At first my theories were laughed at by big bankers. They said, "The people won't send their money." It is very true that the people would not send their money to them; because they have never heard of them and their banks before. The great population of this country has been taught to believe that the wealthy men, the captains of industry, the high financier, the stock-broker, and the banker are their arch enemies; that the millions of their wealth are drawn from the blood-money of the poor. To a certain extent this has been true. Accumulated money breeds selfishness. The man who gains great wealth thinks he has got it by his own endeavors, and owns it for the satisfaction of his pleasures. The banker gains large sums by interest, owns his lovely home, travels, enjoys life; but he does not touch the heart of his subscribers and depositors. He has no sense of responsibility as the trustee to the people for all this money of which he has command, which has been wrung from the toil of a million laboring people. He thinks he himself created this wealth that he controls. But let him sit down and read through twenty thousand letters from these people. I tell you he would gain a viewpoint he never had before.

Immediately following this introductory article, the substance of which has been reproduced in the foregoing pages, occurs a second article, dealing with the practical organization of the proposed institution under the title of "A People's Mail Bank." These are the opening paragraphs:

I propose to organize the People's Mail Order Bank. The capital of this bank is expected to be five millions of dollars in cash. This capital, as far as practicable, will be invested in Government bonds or equally good securities, sacrificing the interest rate for absolute security. I have in my publishing business a great training school for this bank. We handle here two million people once a month, twelve times a year, for ten cents a year each. The people employed here are especially fitted by training and knowledge for the handling of the business of a great mail bank. This mail bank is not expected to do business over the counter. It will neither receive deposits nor pay money except through the mails. The capital stock of the bank is being subscribed by tens of thousands of people, scattered through practically every town and city on the North American continent, the great bulk of whom are the patrons and readers of the *Woman's Magazine*.

I shall have associated with me on the Board of Directors, seven of the strongest, ablest men that I can get. These men I have selected because, while they have made independent fortunes—have made them legitimately and honestly by a life's labor—they are so situated that they are free from the pull and the intrigue that their position would naturally bring against them. They have a life record of honesty and fair dealing which makes their standing in the community one that cannot be questioned. Next to the Board of Directors will be the financial or advisory board, composed of experienced bankers and business men. The loaning of the funds of the bank will then be done by its proper officers, with the advice and counsel of this Advisory Board.

Then comes a description of the practical operations of the bank, including its two classes of deposits, namely, by the certified check system, and in the form of time or savings deposits. A description of the process of depositing by mail and the details of the practical operation of the bank, were also given. Considerable space was devoted to answering a series of questions culled from the letters of subscribers. The prospectus concluded with a reproduction of sundry letters commendatory of the bank project from the group of men who were most prominently identified with Lewis as his backers and advisers. These were men who, by association with him in his various projects, and by practical experience in their own more or less closely related lines of effort, were in a position to grasp most clearly the scope and value of his scheme. The tone of these communications was such as to inspire the most unqualified confidence in Lewis' undertaking.

After the publication of "Banking by Mail," Lewis continued to develop the various phases of his project in great detail in the columns of the *Woman's Magazine*. He ran a series of monthly articles in the issues from September, 1904, to April, 1905, inclusive. Then he got out a monthly house organ called "The Bank Reporter." Three issues of this were published during the months of April, May, and June, 1905. The total volume of promotion literature on the People's Bank, which flowed from Lewis' facile pen, would far more than fill the present volume. Any further attempt to set forth his representations to his subscribers by means of extracts from his writings would be rather misleading than helpful. Their true significance is no longer felt when they are taken from their original context and shown in other than their true relations. The garbling of such excerpts in the reports of the postoffice inspectors and in official charges and *ex parte* statements against Lewis, has been a subject of earnest protest by his attorneys, and of his own severest criticisms. A just appreciation of the total effect of the whole volume of literature employed in the promotion of the People's Bank is not to be had from a series of excerpts, no matter how judicious the temper or intelligent the caution with which they are selected. The true effect can only be conveyed by reading them again in chronological order or by some sort of summary review.

Lewis has twice been called upon at momentous crises in his career to summarize briefly his conception of the People's Bank. The first occasion was at his defense in the Federal court; the second was before the Congressional inquisitors. The following paragraphs have been carefully compiled from his testimony upon these occasions, and may be taken as offering, in brief compass, perhaps the clearest view that has yet been presented of the inception of the People's Bank, and of its principal features.

I became very much impressed during the early history of my publishing business with the condition as to small remittances in this country. We would have sometimes as high as forty thousand dollars' worth of postage stamps piled up on us. There was no market for them except at a heavy

loss. We could not keep them, because they would stick together. This attracted my attention to the need of better facilities. I went to one of the banks, and inquired if they would store postage stamps in their vaults, and practically allow me to use them as representing currency. I arranged with them to accept postage stamps as collateral up to about ninety per cent. The following morning I drove up to that bank with a cab load of postage stamps amounting, I think, to about thirty-eight thousand dollars. They probably never had seen so many postage stamps before. They would accept only ten thousand dollars' worth at that time.

The heavy loss of small currency remittances, due probably to the currency wearing through the envelope and falling out, was another condition that came to my knowledge. Incessant complaints came from subscribers, from advertisers and from their customers, that small currency remittances often failed to reach their destination.

The postoffice money order is the most convenient and popular form for small remittances. But, sixty-odd per cent of the postoffices in the United States did not then issue money orders; whereas, about sixty per cent of the entire population lived in the open country, and in villages and towns of less than three thousand population. Even in large cities it is often inconvenient to go to one of the branch postoffices or the central postoffice to buy a money order. Almost two-thirds of the population of the United States, holding the great bulk of the wealth of the country, was thus not only without banking facilities, but even without adequate facilities of any sort for making small remittances.

CONSULTATIONS WITH BANKERS.

I became very much interested in the situation of the rural population of the United States, as I have said, because of the lack of some suitable system of making small remittances, and the total absence of banking facilities. We came intimately into contact with these actual operations. Finally, I went down to the National Bank of Commerce, and put the proposition up to them.

I had a number of long conversations with Mr. John A. Lewis, Mr. Edwards, and Mr. Cowan. I said in substance: "You fellows in the banking business must get your heads together pretty soon, and either let a postal bank law go through, or else establish some means for making small remittances, and drawing back into circulation the currency that is going back into the rural districts in a constant flow. That currency stays there, and does not come back into circulation; just as gold goes from England to India and never returns. Unless you do something of that sort pretty soon, some day you will have to cash up on these billion dollar security propositions that are running your printing presses over night, and then you will find that the bulk of the actual real money is way back in the rural districts where you cannot lay your hands on it. That is the only thing which will count then. The lack of it will cause your securities to go down to the level of the real cash that you have." That appealed to them.

I then took them up to my office, and showed them the enormous mass of remittances and the letters from people who said that they had no banking facilities. A man would write me, for example, and say, "I have two thousand dollars on hand in currency, because I have no banking facilities at all. I keep a little country store, and there is no place for me to bank the money." These bankers asked me what I would suggest. I replied in substance, "I do not believe there will be a postal savings bank in the United States in the next twenty years, because the express companies and the bankers will knock it out. Why not organize a mail bank? Why not get that money into St. Louis, and make this the greatest national banking centre in America? The money can be deposited in your banks. You can carry on the necessary system of credit, and if you lend it and lose it you will have to make it good to this central bank, because it will be simply a depositor with you. The mail bank can afford to take a very low rate of

interest from you, because it will have very little chance of loss. Your capitalization and surplus will protect it. It will have no operating expenses except its mail. A few clerks in one room will handle the whole proposition. The mail bank will not have to maintain a separate credit organization. It can refer borrowers to the depository banks to find out whether their credit is good, and if the depository banks make bad loans that will be their lookout?"

They said in substance, "Why can we not keep this proposition right in the National Bank of Commerce? Our bank is big enough to handle any proposition. We will be occupying, in a comparatively short time, the great new building which we are putting up. We will then take that up with you, Lewis, and will probably go into it along those lines." I studied the thing over, and concluded if I waited for them to go into it, somebody else would do the same thing elsewhere, and St. Louis would not become the banking centre.

ST. LOUIS TO BE A BANKING CENTRE.

I felt that St. Louis was logically and in every other way the place for such an institution, because approximately eighty-five per cent of all the rural routes in the United States start within a radius of five hundred miles from St. Louis; and within that radius customers could do business in St. Louis by mail almost as conveniently as if they lived in the city. Within that circle of five hundred miles is the greatest empire in the world. The currency is there.

I showed these men from the last statements of the Government itself that the United States Treasury and all the banks and financial institutions in America could only account for one billion, out of a currency of three billion of currency. Where is the other two billion. Not in the pockets of the city men, because the average city man finds so many ways to spend his money before he gets home at night that he is usually in debt instead of having a surplus. Probably ninety per cent of the thousand clerks of the National Bank of Commerce itself, for example, get less than one thousand dollars a year. The cost of living in St. Louis, paying carfare coming and going, the cost of dressing as they have to dress, and everything of that sort, is such that they do not have their per capita of cash in their pockets.

Conditions in the rural districts are different. The man who sells his crop, and cleans up five hundred or a thousand dollars, has that sum in cash. The truth of my conclusion was proved when the People's United States Bank got into operation. Practically ninety per cent of all its receipts came in the form of currency. St. Louis drew upon a larger and more prosperous rural population than any other city; and I wanted to see this plan worked out right there under the most favorable conditions.

Later, I requested each of the leading banks of St. Louis to appoint one of their directors to make an exhaustive investigation into this plan, and make any suggestions they saw fit. I further requested that they each select one of their directors to become a director of the People's United States Bank, thus placing the directorship and control of this bank in the hands of the united banks of the city of St. Louis. The matter was taken up by a number of banks and many of these bankers were at my building conferring with me incessantly. Sometimes, the conferences would last late into the night. The understanding and agreement was general that these plans were to be carried out. Ex-Governor David R. Francis afterwards testified on the witness stand, at the trial of the charges against me that the bank was a scheme to defraud, that he had been invited to become one of the directors himself, but was deterred by the belief that I would not be permitted by rival interests to carry out my plans. During our conferences on the appointment of the first board of directors and the advisory board back of that drawn from the five re-depository banks, I found great difficulty in getting together such a board as I wanted, unless I would agree to confine the deposits to those particular banks. Every

banker with whom I took up the matter of becoming a director or member of the advisory board demanded that his bank should be one of the five re-depository banks. The subject was being threshed out and resulted in almost incessant conferences.

At this time, such a thing as an attack on the bank was in nobody's mind at all, although we realized that we were arousing a great deal of interest and criticism, most of it favorable—some of it adverse.

OPINIONS OF BANKERS.

During these conferences I stated distinctly to the bankers of St. Louis that it was not my desire or intention to become a banker; that my ambition was to become the greatest publisher in the world. I told them I was going to create this bank, and I then and there asked them one and all to join with me in its creation. Meantime, I had been telling about this plan at great length in my publications, and enlarging upon it. The idea grew in my mind. As I talked with bankers throughout the country, and with business men of large means and responsibility, I finally came to believe that I had conceived the greatest banking institution in this Nation. There was no doubt in my mind of it, and I do not believe there was any doubt in the minds of any one associated with me.

I talked over this project, not only with the National Bank of Commerce, but with practically every banker in St. Louis. Then I went to Chicago and talked it over there. I also had many personal interviews with leading bankers from other cities pretty much all over the country.

The features of the proposed bank were afterwards carefully discussed with representative bankers from Maine to California. The paying banks associated with the People's United States Bank, which were among the leading banks in America, made themselves fully cognizant of all the details of our plans, because their connection was practically an endorsement of the plan to the public. Van Cleave of the Park-National Bank of New York wrote a letter stating that we had undoubtedly worked out a most wonderful proposition. Childberg, president of the Scandinavian-American National Bank of Seattle, Washington, came to St. Louis, and spent several days with me. He said, "That certificate of deposit looks good to me," and, when he went back to Seattle, he adopted it for his bank.

I had a letter from Comptroller of the Currency Ridgley, inquiring about the plan, and in my reply I discussed with him very fully its different phases. After the bank was attacked, an interview with him was published in the Eastern papers. He said he had gone all over the plan, and did not see anything the matter with it. The published statement was extremely favorable; though I did not have a personal interview with him about the matter. There was never a feature of that bank from its beginning to the day of its death, which was not carefully taken up and exhaustively gone into with the best advisers that I could find. I made only one mistake. I did not advise with the postoffice inspectors.

At the outset of this design I informed myself quite thoroughly about the history of postal banks. I read the official reports of our own Government officials in regard to them. I read quite thoroughly of the Postal Bank of England, and of the Mont de Piété of France, a great government institution, one of the principal features of which was embodied in our bank. I also went over, quite thoroughly, the history of the efforts to have a postal bank in this country.

I first took up the question of the title of the People's United States Bank with the Postoffice Department, about January, 1904. I mailed them literature taking the name first of the Postal Bank. They objected that such a title might be misunderstood. Senator Beveridge took up the name of the People's Bank with them for us, but the use of the word "Postal" or "Mail" was found to be objectionable to the Department. I finally

adopted the title of the People's United States Bank with their approval and consent.

The first advantage of a postal bank, as distinguished from a bank of ordinary character, was to bring into circulation a class of deposits which was not in circulation, and could not be reached in any other way. I had seen in my own business the gradual retirement to rural districts of the actual currency of the Nation. The farmer had become more prosperous for the previous ten years, and had taken out of circulation more money each year. The average man in the rural districts had no banking facilities, and when he received a few hundred dollars, it was hoarded and withdrawn from circulation. My investigation showed me that the per capita of national wealth was twenty-four or twenty-five dollars. The great corporations were doubling and quadruplicating their capitalization, and if the currency could not be kept in circulation there must come a time when there would not be sufficient circulating medium to enable them to cash up. The purpose of this bank was to bring into circulation this hidden money. The rural free delivery had developed in the previous ten years from nothing, until it served some forty million people. All this made possible the operation of such a bank.

A NATIONAL CLEARING HOUSE.

Another function of our mail bank was to eliminate the item of exchange on small remittances. Most of the machinery with which we do business nowadays, when you get right down to it, is inherited, more or less modified, from three to ten previous generations. Exchange is largely a relic from the old days when they transmitted the actual currency. I remember when I used to have to pay exchange right in St. Louis on my check in that town if it went to another bank there. The theory of that was that they really had to transmit the currency. After awhile they woke up and organized a clearing house, so that the bankers of St. Louis today, instead of carting around a wagonload of money every day to clear their exchanges, simply send a representative from each bank to meet together and strike a balance. They do not move the currency at all, and the same thing is done by means of a clearing house in all large cities. Only the differences are transmitted, which may not be ten per cent.

The exchange charge, however, has been kept on in the country. Over a billion dollars, according to the best statistics I have been able to find, passes annually through the United States mails. About four hundred million dollars each is remitted in express orders, postoffice orders, and currency, on all of which exchange is charged. Almost every penny of that tremendous tribute is paid by the sender of small remittances. There is a charge for the express order or the postoffice money order, and if a bank check is used, there is exchange on that. The result of that is that the man in the country desiring to remit, either buys a money order, or uses a small check and has to pay a premium on that. One of the principal features of the postal bank was simply doing for the United States what is thus being done in every city of the United States.

The thought struck me that the problem could be solved for the whole United States in exactly the same way that the banks had solved it in the city. I proposed by means of one central bank for these small remittances to strike a balance for the population of the United States, whether it was from East, West, North or South, anywhere the population existed. I simply constituted the People's United States Bank the clearing house. We divided the country into five territories. The East, the Central Northwest, the Southwest, and the extreme West, with New York, Chicago, New Orleans and San Francisco as the paying centres, respectively, and, of course, the People's United States Bank as paying centre for the Middle West, at St. Louis. We established in each of those five districts a paying bank upon which our certified checks were drawn. In New York, the Park-National Bank; in Chicago, the First National; in San Francisco, the Bank

of California; in New Orleans, the Hibernian Trust Company, and in St. Louis, our bank. Afterwards, we made the Scandinavian-American Bank of Seattle one of our paying banks, because I made connections all the way up to Nome, Alaska. We sent dog-sled loads of these certified checks up to the miners in Alaska, because they did not want to carry their gold dust around. Those money orders froze up and stayed there all winter. Meantime, the money was earning interest. That was the theory.

We carried a balance at each of the paying banks to cover our certified checks, they agreeing to pay us two per cent interest. The checks being drawn on any one of those five banks in the five great money centres, were exchanged at those points without charge. I figured that less than ten per cent of actual currency would carry the business, and that I could draw interest on ninety per cent of that money all the time, because that proportion of the checks would be in transit. That was practically what happened. There might be fifty million dollars' worth of these checks outstanding, but there would be fifty million dollars cash deposited to the credit of the People's United States Bank in these paying and issuing banks, or the checks could not be outstanding. Meantime, my bank would be drawing two per cent interest on the daily balances.

Suppose, by any misadventure, our paying balance in New York was but a hundred thousand dollars, and all the checks in the United States happened to concentrate on New York, and call for two hundred thousand from the New York bank. After paying to the limit of their balance they could bundle up the rest, look over the exchange rates and transmit them to the other paying banks wherever they could make a little money by exchange. That took care of overdrafts on the paying bank. If we overdraw our balance in the New York bank, because of an excessive number of checks coming there at any time, they could forward the excess to the Chicago bank as Chicago exchange, or could use them as exchange on San Francisco, or New Orleans. The checks were sometimes not charged to us in the actual operation of the bank for ten days or two weeks after they reached our paying banks. They often went clear across the continent. Meantime, we were drawing interest. The longer they stayed out, the better.

THE CERTIFIED CHECK SYSTEM.

When I first thought of the certified check system, I worked out a much more complicated check than was afterwards used. This check was designed, if possible, to prevent anyone else from using that particular form. On taking up the matter of obtaining a patent for it, I caused a preliminary search to be made, and found there were a dozen or more patents practically knocking out the form I had first intended to adopt. So that proposition was abandoned, and never mentioned again in any of our literature, until it was brought up as one of the charges in the indictment against me alleging that as a part of a scheme to defraud.

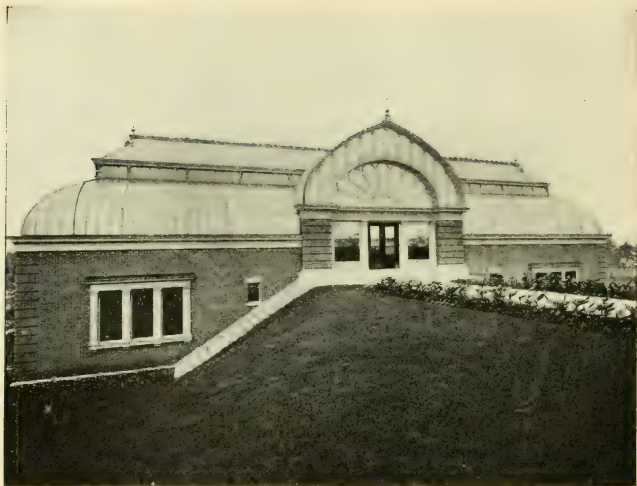
The check that was finally worked out was very simple. It did not need any red tape like the registration of money orders. I just had a slip made which read: "People's United States Bank. Not good over ten dollars. Payable First National Bank, Chicago; Park-National Bank, New York; Hibernian Trust Company, New Orleans; Bank of California, San Francisco; Scandinavian-American Bank, Seattle, Washington," or ourselves. Then there was a blank left for the name of the payee, and the amount.

When those orders came into St. Louis they cleared at the National Bank of Commerce. I did not even take the trouble to go into the clearing-house with them. I did not have to. Our check was good anywhere in the United States, because drawn upon the exchange centres. If used in the South it would go to New Orleans, and be paid without exchange charges. If remitted into the East it would be cleared at any New York bank without charge, and so on. I had established a universal exchange.



Interior Woman's Magazine Building

¹Balcony, Mezzanine floor ²Entrance and grand stairway, main floor



¹Exterior of the conservatory of the Lewis Publishing Company as seen by visitors during the Worlds Fair

²Interior of same showing entrance to magazine press rooms

I had reduced the money-order system practically to the cost of printing the checks, sending them out, and counting them when they came in. All the machinery of correspondence and transfer was handled by the other banks. In addition to that, they paid us interest on the money. We were also arranging with Canadian banks to extend the system to Canada, and with foreign banks to extend the system throughout Europe. Ultimately, this certified check system would have been a universal international system. The American Bankers' Association adopted this identical system about two years after the destruction of the People's United States Bank, copying it bodily from our checks, and have widely advertised it as their so-called Traveler's Checks.

This particular check was what we called the direct system. Farmers, merchants, and others, in rural districts and towns of a few thousand inhabitants, who had no banking facilities, might have their currency destroyed by fire or lose their money, or be robbed. To prevent all this they could send us, say, two thousand dollars in currency, and receive in return two hundred checks, each good for not more than ten dollars. We did not seek large mercantile remittances. We catered to the small remittances, because that is where the difficulty is. These checks were not good until filled in and endorsed by the owner. He thus had his money in such shape that he could remit to any part of America, without exchange charges, to pay his bills. Or, he could supply his neighbors with money orders. If the check was burned up or otherwise destroyed or lost, he would not lose his money. We simply required him to give a bond for a reasonable time. By filling in the amount he wanted it payable for, and endorsing it on the back, he had a money order good anywhere in the United States, without exchange charges. When he used one of these checks for six dollars and a half, and that check came in and was charged to his account, there would be a balance in his favor of three dollars and a half, because we had certified to a check for ten dollars. When the total credits of that kind amounted to ten dollars, he would be entitled to another check. He could use all the checks the first month, or not use them for one or two years. It was immaterial to us. When they all came in, he was entitled to additional checks to the amount of his balance, whatever it might be.

So that a storekeeper who, we will say, lived in a small village, sent in two thousand dollars, and received our checks, had his money in such form that he could use it anywhere in the United States for remittances or to supply his neighbors with money orders. He could use it locally by making it payable to bearer or cash. If it was burned or lost, he could have replaced it. If stolen, it would be a difficult thing for anybody to use. It was not like currency. It required endorsement, and carried the penalties of forgery. Now, that is what we called the direct system.

The certified check system directly affected the express companies. It knocked out the express money order; for it earned a profit for the People's Bank without any charge for the remittance. It was also in competition with the postoffice money orders, along with the express and telegraph money orders, and bank drafts. That brings up the other branch of that same remittance system: the establishing of agency banks throughout the United States wherever there were banks in the small towns and villages. I believe at that time there were banks in some fourteen thousand towns and cities in the United States, and some sixty thousand towns and villages had no banking facilities at all.

We gave the small banks the agency for our certified check system without charge. That gave them a great advantage over the express office, because these banks hung up our sign "Money Orders Without Charge Here;" whereas, the express company sign meant money orders at so much apiece. That gave the bank a legitimate business advantage. We pointed out that the people who bought express money orders became accustomed to go into the express company's office to do business, and that the express

company immediately sent the money out of town. But when express orders came into town they were cashed at the bank and the express office was thus practically carrying on its whole money order business on the bank's money.

I do not believe anybody has ever seen a very close calculation of the total business of the express companies. I do not believe the inside of it has ever been told. But, as nearly as I can figure it out, the express companies have approximately four hundred millions of the people's money all the time, on their money order system. They are charging exchange, and the banks are cashing the money orders. They are also charging for the operation of remitting. Then they are making the interest on the money. That has been noticeable in the twenty-five million dollar dividends which have been declared once in a while; whereas, there has been a deficit in the postoffice.

We showed the agency banks that the sale of our money orders would bring people into their bank, and make them accustomed to doing business there, instead of out of town through the express companies, and that the first thing they knew those people would go back and dig up the wad of savings that they had hidden out in the woodshed, or in an old kettle somewhere, and place it in that bank. The privilege of selling those money orders would have been worth something, but the banks did not have to pay anything for it. They would simply sell those checks in any desired amount, fill them up with the name and amount, detach and stamp them with the bank's counter-signature, and hand them over in exchange for the money.

The agency bank agreed to accept the money on deposit to our credit at three per cent interest. They further agreed that they would remit any part of our balance to the paying bank in their section without charge on demand. Meantime, they had the use of that money, whereas the express companies would have sent it right out of town the same day. The agency banks had the use of our balance, and could build it up as big as they wanted to at three per cent, thus keeping the money in their own town, and getting these people to do business with them. The sole conditions were that they must pay three per cent, and transfer the money without charge to the exchange bank on demand. That was part of the contract. Furthermore, they had to report to us weekly on those checks. They could not deceive us, because, when the checks came back from the paying banks, the dates and the amounts were there to show. They had to credit us with the deposit the time they received it, because the check bore that date.

It was ordinary and simple as it could be. We merely supplied them with a new book of checks whenever the old book had been used up, and they returned to us the stubs to be checked up against the returned checks. The persons who got checks on the local bank did not have to tell the banker their business, or what they were going to use the checks for, as they would have had to do with the money order. The checks were made out to their order, and they could keep the money in that shape if they pleased, and remit it. It made a universal system of remittance throughout the United States.

The small banks, from Maine to California, grasped that very quickly, and we received a large number of commendatory letters on that system. It was a perfect system of equalization, because we really never had to transmit the currency. We struck a balance between the East, West, North and South. It was only the difference that had to be transmitted. In case of overdraft, a New York bank would issue checks on the Chicago bank, or the Chicago bank would send the checks on to San Francisco. The check moved, but the money did not move.

The source of profit to this bank grew out of the fact that on a fair average eighty per cent of the money would always be drawing interest.

On a million dollars of these checks outstanding, at least eight hundred thousand dollars would be drawing interest, either at three per cent at the issuing banks, or two per cent at the paying banks. On a sale of one hundred millions of these checks, our interest would average, say, two and a half per cent, on eighty millions. The profit to the bank would have been almost as much as on the capital of the bank, and would have come from the interest on money, while the check was in transit without charge to the remitter.

This plan was in operation all over the United States at the time the bank was struck down. Many certified checks were outstanding. That business was accumulating very rapidly. The fact that it was profitable is shown, because it has been taken up all over the United States by other banks. The People's United States Bank put the actual currency into circulation because a person buying one of our checks would receive a certificate for the currency. His deposit was put in the paying bank and thus got into circulation.

PROFIT-SHARING DEPOSIT SYSTEM.

Another feature of the bank was our profit-sharing certificates of deposit. We did not want, and would not take, an ordinary mercantile checking account. This bank was designed to supplement, and not to compete with, the ordinary bank. The only two classes of deposits that we had were the certified check, and the profit-sharing certificate.

In our prospectus "Banking by Mail," we proposed to buy bond issues, and resell them to our numerous clientele all over the country; but on advising with bankers, particularly Mr. Perry Jay of the Old Colony Trust Company, we concluded that we could not hope to do that kind of business successfully. We, therefore, changed to the certificate of deposit plan by which the People's United States Bank would purchase bonds and retain them, but would issue against them certificates of deposit to the parties desiring to invest their savings. Hence, the People's United States Bank never had but one thing to sell other than its certified checks, and that was this certificate of deposit backed by its entire assets, including its capital. That would enable us to purchase large bond issues, because the certificates of deposit would run from one to ten years. With its savings deposits tied up on such long terms this bank would be in a position to buy bond issues. On the other hand, if a bond issue for any reason was not successful, and the very best bankers in the world sometimes get stuck on bonds, the loss would fall on the bank and the savings depositor would not lose one dollar until the entire capital of the bank was wiped out.

Those certificates of deposit, instead of bearing a stated rate of interest, participated pro rata in the profits. I believed that, as the depository of enormous cash deposits tied up on long time certificates of deposit without any guaranteed rate of interest, when the day of reckoning came, our bank could buy and sell all the rest of them put together. It had the money without any guaranteed rate of interest and had it for long periods of time. The average period of time for which these certificates of deposit were taken out was in excess of seven years. In practice, we would not decline to cash a certificate of deposit if a customer needed the money, but in case of a financial panic the bank would have had that right. I figured that a great panic would be the very time in which the bank would make its money. Other banks would be drained of every dollar, but here was a bank with deposits tied up for a fixed period of time that could come to the assistance of others. We could have come to the assistance of our paying and agency banks by letting our funds remain with them, instead of adding to their distress by withdrawing our funds and, naturally, we might have received a little higher rate of interest and a few perquisites on the side.

The certificate of deposits shared in the earnings of the bank. A plan

was set forth on its face whereby, if the total deposits, capital and surplus were added at the end of the fiscal year, after setting aside a reserve for sinking fund and for taxes, the net earnings were pro rated on the sum total. That would determine the rate of interest which the certificate of deposit would get. That was the only kind of deposit that was to get any interest. The remittance deposits and the checking deposits drew no interest, even if they lay there for years. We will say, just for illustration, that the capital of the bank was five million dollars and the surplus three million, and that the certificates of deposit were ten million dollars; but that the certified check system or money order business, which was designed to be the great business of the bank, was twenty millions. That would make thirty-eight millions total capital and deposits of all kinds and surplus. Now, we will say, just for illustration, that it earned ten per cent net, which would be three million, eight hundred thousand dollars. It would look at first as though the stock and surplus would not get a fair deal in this, but you will see how it does. If the earnings were ten per cent net, that percentage on the certificates of deposit would be one million dollars, or nearly fifty per cent of the capital and surplus as their profits. Yet the depositor would have received a full and fair percentage of the earnings of the bank, viz., the percentage which his deposit bore to the entire amount earned.

These profit-sharing certificates of deposit were issued on all savings accounts as soon as they amounted to fifty dollars. They bore on the reverse side a trust clause so worded as to constitute a trusteeship. The owner could fill in the name of any person he chose and at any time he could cross that name out and fill in another on the line below and sign it. The death of the owner immediately vested the ownership of that certificate of deposit in the last person named in the trust agreement. The purpose of this was to enable the beneficiary to collect the money promptly. Ordinarily, if a person who was saving for a member of his family died suddenly, leaving a sum of two hundred or three hundred dollars saved up in a certificate of deposit, it might necessitate the appointment of an executor and other legal proceedings which would eat up a considerable amount of the savings. Furthermore, there would probably be a delay of perhaps months in getting the deposit. On this plan the death of the owner of the certificate immediately vested the ownership in the person last named. That plan has since been adopted by many savings banks.

Another feature of this bank in connection with savings deposits was the sending to the savings depositors throughout the United States, particularly in the small towns, a pressed steel bank made in the form of the proposed bank building. The depositor, however, did not get the key to this savings bank. The pass keys to all the banks in any neighborhood were sent to the local express agent or the local postmaster. Whenever the bank was full, the owner could take it to whoever had the key, and he would unlock the bank and issue a money order for its contents, payable to the People's United States Bank. That scheme has also been adopted and is in use in certain savings banks today. I put it into use throughout the United States in connection with the express companies and postoffices. The money could not be taken out of that bank except by our agent, who issued a money order to us for it, his consideration being the profit on the money order.

SAFETY DEPOSIT PLANS.

Another element of the bank was the safety deposit system. The great bulk of these people through the United States had no safe or safety deposit. I worked out a system whereby our customers could rent a safety deposit box of us for a year. The bank sent out a heavy manila envelope containing an extra envelope inside. The customer sealed up in that his insurance papers, mortgages, notes and other valuables and



Lewis Publishing Company, Magazine Press Building
¹Artists' studio ²Photographic studio



¹Office of Cal J. McCarthy, Advertising Manager, Lewis Publishing Company, Mezzanine floor, Woman's Magazine Building

²Office of accounting department, ground floor

sent it by registered mail to the bank. The registry receipt of the United States postoffice returned was the customer's receipt for it. The envelopes were filed under the number of the registry receipt issued by the Government itself. A customer wanting to get the contents of an envelope would send in his registry receipt and we would return the envelopes by registered mail, deliverable only to the addressee. The bank never opened the envelopes. The customer opened them, took out whatever he wanted to examine, sealed up the remaining papers in the inner envelope and returned it to the bank. Under that plan an ordinary safety deposit box which would earn under the usual plan not over two to five dollars, would earn us twenty to thirty dollars a year, because it would hold ten to fifteen of these envelopes.

COLLATERAL LOAN FEATURE.

Then came the collateral loan feature. I proposed and carried out a collateral loan system parallel to that of the Mont de Piété of France. Any customer of the bank who was in distress could send to the bank by registered mail either bullion, valuables, jewelry, heirlooms, or anything of that sort. They would be appraised for their bullion value. We had special appraisers in the city of St. Louis, W. M. Gill and Mermod-Jaccard, who agreed to take for cash these articles at their appraisal. The bank then loaned sixty per cent or eighty per cent of their appraised value for from one to two years' time at eight per cent. When valuables on which a loan was asked of, say, one hundred dollars, had been received and appraised, and after the loan was made, we issued a draft for the one hundred dollars attached to a note citing the collateral. The customer had to sign the note in order to cash the draft. When that came back through the clearance it was filed with the collateral and completed the record. We agreed that if the interest was not paid at the end of the two years we would carry it at least a year longer before selling. We allowed a sufficient margin in making the appraisal to cover any such interest. The bank loaned its savings funds on this plan on gold bullion at a safe percentage of its own appraisal, at eight per cent per annum interest. It gave to the people through the entire United States the same accommodation as the people of France have in the Mont de Piété, where the loans amount, I believe, to seven hundred million dollars.

We thought that any one having personal collateral and desiring a small loan was just as much entitled to it as though it was a brown stone house, and instead of having to go to a pawnshop or a local note shark to make that loan, he could transmit that collateral to our bank by registered mail or express. At the end of two years, if the loan was not paid, this collateral belonged to the bank, and could be melted up as bullion or sold at auction, as is done in the bank referred to in France. Our security was the best and the rate of interest very high. But it was an infinitesimal part of what that person would have had to pay in a pawnshop. This was not restricted at all. Anybody could borrow of this bank in sums from fifty dollars up, and this plan, although but a short time in operation, was becoming rapidly successful. Small loans were being applied for from various parts of the United States.

I will state frankly, that that particular feature of the bank was incorporated into it, because of the fact that early in the building up of the Woman's Magazine and the Winner Magazine I reached a point where I had exhausted my available cash resources; so I took Mrs. Lewis's jewels, and what valuables of that sort I had, and went down to the corner of Eighth and Pine streets, in St. Louis, and stood on the opposite corner there for perhaps half an hour looking up and down the street to see if anybody I knew was in sight. Then I butted into the pawnshop there and borrowed the necessary money on them. I do not believe I will ever forget that sensation. I was just as much entitled to borrow

that money from any bank in America as I was entitled to borrow hundreds of thousands from those same banks on much less secure collateral later.

So I determined, when I organized this bank, which was primarily designed to be a bank of and for the people, exactly suited in its features to the popular needs and requirements, that these features should be incorporated in it, and they were. The Provident Loan Company of New York is established along the same lines.

That feature gave this bank an enormous outlet for its money. It was very widely availed of all over the United States. In fact, it grew to be an immense department. We had a vault that we filled with gold, jewels, heirlooms, diamonds, etc., on which we had loaned a percentage of the actual appraisal, as made for us by assayers and experts. Those loans were secured practically by gold bullion at eight per cent interest per annum—absolutely secured. I was somewhat criticized by some of the bankers in St. Louis for that feature. My reply to that criticism was that if they would lay out on a table the collateral behind their loans in their banks, I would lay this gold bullion collateral alongside of it, and let anybody judge as to which was the most secure.

Such in part were Lewis' views as to the conditions which in his opinion seemed to call for a popular mail banking institution, and such were his aims and purposes in that behalf. This chapter may be properly brought to a close by one of his characteristic utterances in the *Woman's Magazine*, touching the motives which actuated him in embarking on this undertaking.

THE QUESTION OF MOTIVE.

Was Lewis sincere in the belief that he could accomplish his design? Did he actually suppose that he could fulfill the expectations rising, logically, from his promotion literature? Was the project feasible? Could the problem have been worked out in due course to the mutual satisfaction of Lewis and those who became associated with him in this undertaking? All of these are questions, the answer to which must be deduced not only from due consideration of the nature of the scheme itself, but also by taking into account the history of all his manifold activities. These questions do not admit of off-hand answers. Whoever seeks to conscientiously arrive at a true insight must proceed most carefully. He must at all times keep himself on guard lest from any quarter some preception, some prejudice or some bias should enter in. The following chapter will take up the actual history of the People's Bank chiefly upon the basis of its official minutes. Then the narrative plunges directly into the storm-centre of the ensuing controversy. The following is Lewis' version of his own motives:

I have been asked many times why I am founding the People's Bank.

I will answer this way: I have the largest publication in the world. I have the finest printing plant in the world. I have an annual income of a quarter of a million dollars. I have the dearest wife, the most beautiful home, the best of friends, the most noble parents any man ever had. I have worked and fought for it all. I cannot take any of it with me when I die. I can only eat one meal at a time. One overcoat is all I can wear if I had fifty million dollars. I have all a man could reasonably want. But to me the greatest happiness on earth is working out the details of a great undertaking, and the bank is certainly that.

I would rather sit here night after night and read the letters I receive, than sail the southern seas in the biggest yacht in the world. Every man must get his own happiness from inside himself. He can only get it in one way, and that is by doing what he thinks and knows to be right. Every one of us has been put here for a purpose. He must find that purpose, and on the way he must use his opportunities to do good and develop his own character and help others. On this he will be judged.

Exceptional opportunities give rise to exceptional deeds. I have been given such opportunities in being able not only to plan, but to carry into practice my plans, for a great publication, for a great publishing plant, for a beautiful city. Great blessings have been showered upon me. I have the love, trust and confidence of almost a whole nation of men and women. Now I have the opportunity to do something for them in the establishment of the People's Bank that shall afford comfort, convenience and safety to hundreds of thousands of homes.

I have enough money and to spare. Shall I turn and gorge myself with physical pleasures and live the rest of my life regretting the results? Or shall I do this thing that my conscience tells me has been placed in my hands to do for my fellow men and women? Shall I take my quarter of a million dollars a year and become a lazy, useless beast, a curse to myself and to others? Or shall I go on to still greater achievements and gain the love, respect and confidence of two million families, by giving them greater facilities? I shall not suffer in so doing. This bank associated with my beloved magazine will so strengthen it that its income from advertising will double. Shall I use my money on myself alone, lose the respect and good wishes of my readers, and thus destroy even my magazine? Or, shall I make both myself and them more powerful and profitable by using this increased income to give better and better things? Shall I hold and keep the respect of my five hundred employees? Or shall I become a laughing stock to them all? In a word, shall I make and keep myself a man, clean and strong by the reflection of the good wishes, love and respect of my two million readers, or shall I be like a dog? Do you think that I would exchange the twenty thousand letters I have received in the past two weeks for twenty thousand silver dollars, that would not add a speck to my happiness and usefulness? What would you do if you were in my place? I tell you, I would rather be president of the People's Bank than President of the United States.

CHAPTER XIV.

THE POST-DISPATCH EXTRA.

THE STORY OF CURTIS BETTS—GET THE STORY—THE CITATION IS RECEIVED—DETAILS OF REPORT ASKING FRAUD ORDER—THE SIEGE BEGINS—THE P.-D. FOLLOW-UP CAMPAIGN—SWANGER'S FAMOUS DEMANDS—LEWIS' CALL TO ARMS—THE FIRST WAR NEWS—ALIGNMENT FOR BATTLE.

TO ALL AGENTS:

This issue of the Post-Dispatch contains one of the most astounding news stories of the decade.

The people directly interested in the

PEOPLE'S BANK

are not confined to St. Louis, but live in all parts of America. It is not improbable that many people in your own town have sent money to this institution. There will consequently be a great demand for this issue of the Post-Dispatch which presents the great news story exclusively. The demand for today's paper will continue for some time after this date.

Push your sales.

ST. LOUIS POST-DISPATCH.

On May 31, 1905, the above notice was printed by the St. Louis Post-Dispatch in the form of a hand bill and distributed widely to news agents throughout the Central West. In that issue the secret confidential Government report of the postoffice inspectors upon the People's United States Bank, recommending the issuance of a fraud order against Lewis and the bank, was published to the world.

This is a mighty effect to be produced by the pen of a ready writer. This is a vast turmoil to be brought upon lawyers, judges, congressmen, senators, and the President himself, amid a whirl of popular indignation and fury. Yet, all this was set in motion by the tap-tap of a typewriter in the small hours of a May-day morning. The great bank upon which Lewis and his friends had set their hearts and hopes was lightly sacrificed by a smart news-gathering reporter for the sake of a good story to be spread upon the pages of a sensation-loving newspaper; and thrown out by its newsies broadcast over the land.

How was it that the Post-Dispatch reporter obtained access to the sacred report of the United States postoffice inspector? Was it by allowable keenness? Or, was it by unjustifiable trickery? Or, was it perhaps, by the dishonest connivance of a Government official, for some effect that he or his superiors wished to produce? These documents, the inspectors' reports on the good faith of private enterprises, are regularly regarded as inviolable. They are sometimes withheld even from Congress, upon the ground that they

are privileged; that their disclosure would be contrary to public policy. The St. Louis inspectors in the examination soon afterwards demanded by Lewis, and directed by the chief inspector at Washington, denied under oath all knowledge as to how this leak occurred. The inspector, Col. W. T. Sullivan, who was directly responsible for its wording and safe-keeping, was either away, or was excused, or evaded the questions under oath, but stated positively that he had no personal knowledge of how the copy of the report had been obtained. He has since died. Betts refused to answer all questions. He said the way he got that report was his business. Many were the guesses. But the incident was finally set down as one of the unsolved mysteries of journalism. Lewis' libel-suit against the Post-Dispatch closed the mouth of its employees. The secret was apparently destined to be kept forever.

But Congress deemed otherwise. The United States House of Representatives' Committee on Expenditures in the Postoffice Department was in session on the morning of November 17, 1911, at the Hotel Jefferson, one of the largest and best hosteleries in St. Louis. The Red Room on the first floor above the ground was crowded with witnesses, lawyers, spectators. The committee sat in solemn state around the long table, the chairman at the head. To the right, in the middle, Lewis leaned forward, expectant, or whispered to General Madden on his left. An empty chair stood at the further end for witnesses still to be examined. Hon. William Ashbrook of Ohio, a man of noble presence, tall, erect, with large, clear face and open brow, rose slowly to his feet about ten a. m. and pronounced the name of the next witness: "Curtis Betts."

A hush fell on the crowded courtroom. Silence was broken only by the stir caused by the entrance of the man whose hand had been more instrumental than any other in striking down the People's Bank from a brilliant anticipation and an almost accomplished hope, into absolute and apparently irretrievable ruin. The moment, then, when Betts was sworn with uplifted hand as a witness to tell the truth, the whole truth and nothing but the truth, was tense with dramatic interest. Was his six years' silence at last to be broken? Or, would he still refuse to testify, and thus compel a summons before the bar of the House of Representatives, or perhaps the exercise of punitive measures to bring forth his testimony? Would the committee decide to proceed to these lengths to get the truth, in the event of the witness's continued silence?

THE STORY OF CURTIS BETTS.

The momentary pause, when the witness, after having been sworn, settled himself back in his chair and made ready for the first inquiry, was breathless with the anticipated interest. This, indeed, may yet stand out as among the deciding moments in the lives of men and nations, such as the confession of the writing of the infamous "Bordereau" by Esterhazy in the Dreyfus case, or the confession of forgery by Pigott in the Parnell affair. Almost as

great was it, in its way, as the moment in which Washington decided to fight, or Jefferson to frame his famous constitution. At the Hotel Jefferson, the Congress of the United States had determined to obtain the truth as between the postoffice and the People's Bank. A vital fact was in the brain of Curtis Betts; in his memory. It was on the tip of his tongue. Would it come forth? Would he disclose the real secret? On whom would he fix the blame?

Slowly, yet fully, like the first clear streak of dawn, after a long dark night, the light of truth penetrated into the heart of this much vexed controversy, when, with every appearance of frankness and candor, Betts, in a clear, controlled voice told the following simple, yet amazing story.

My name is Curtis A. Betts. I reside at Richmond, Missouri, where I am publisher of a newspaper. I was connected with the Post-Dispatch for a little over seven years, and was in its employ when the so-called exposures of the Lewis enterprises came out. I obtained the information, and wrote the article which was first published in the Post-Dispatch. A newspaper man never likes to tell how he secured information. But I will say that I obtained what I understood to be a copy of the postoffice inspectors' report. I based the article on that.

I first saw the report in the hands of Inspector W. T. Sullivan. I had been working on him as well as other inspectors for several days to get a copy of that report. They had repeatedly refused to let me see it. I was doing everything in my power to get it. One day when I went into the office, I was told that Inspector-in-Charge Fulton was out of town. I then asked Inspector Stice, as I had done before, to let me see the report. He refused. Inspector Sullivan was temporarily in charge. He was sitting in Fulton's office. I went in there and again asked him for a copy of the report. Again he told me he could not let me have it.

I then said, "Fulton has gone to Washington with the report, hasn't he?" Sullivan replied that he had. I said, "Well, I guess you have a copy of it here, haven't you?" He replied, "Yes." Then he pulled open a drawer of his desk and held up a document. He put it back in the drawer, which was closed about half way; and then said, "Excuse me, I have to go into the other room a moment." I did not think I was stealing the report when I took it out of the drawer, kept it a few hours and then returned it to the same place.

I think I got that information in an entirely proper way. If I had not thought that Colonel Sullivan intended me to have it, by his actions and by everything that occurred there that day, I would not have taken it. It was my understanding that he left the room for that purpose. I could not construe it in any other way. My recollection is that it was not necessary to open the drawer. He had not closed it. He may have shoved the drawer up a little. But it was not anywhere near closed. I remember that. It was not necessary for me to touch the drawer to get out the report. This is the first time that I have disclosed the facts to anybody who was investigating this case. I have told one or two people. When the postoffice authorities inquired, I simply refused to talk.

I had a number of conferences with Inspector Sullivan after that, but I never mentioned to him that I had got the report, nor did he ever ask the question. My understanding was that he knew I had taken it and kept it until the following morning, and that it was done with his knowledge and consent. My interpretation was that when Sullivan pulled it out and showed it to me, then put it in the drawer and said, "Excuse me, I have to go out of the room," his action was intended as sufficient notice. I think he did that deliberately, and left the room for no other purpose than to give me

that opportunity. I thought so at that time, and I think so today. I had told the inspectors frequently that, if I could get the report, nobody should ever know how I got it. Sullivan afterwards cautioned me not to divulge the source of my information. I thanked him for giving me the opportunity to publish it, and he said in substance, "I used to be one of the boys myself. I am an old newspaper man. When I can help them, I am very glad to do it."

I immediately took the report down to the Post-Dispatch office and made a copy of it. I think it was then about 2:30 in the afternoon. I worked at the typewriter until one or two o'clock in the morning. I took my copy to write my story, by clipping from it and pasting the clippings where I wanted them. The following morning, as soon as the inspectors' office was open, I went in and put the report back in the drawer. No one was present at the time. I then delivered my story to Mr. Bovard, the city editor. I told him it was a confidential secret report of the postoffice inspectors. My recollection is that it was so stated in the article. He knew I had been trying to get it for a long time.

Here occurred this colloquy:

MR. LEWIS: Aside from any news value, knowing that this was a secret and confidential report and had been obtained consequently in some dubious manner, in your judgment, was it his duty as a matter of honor to have directed you to return it where you got it without printing it?

MR. BETTS: I don't know.

MR. LEWIS: In other words, it was stolen goods?

MR. BETTS: I want to make a statement to this committee. I was connected with the Post-Dispatch for a long time, and Mr. Lewis has pending against the Post-Dispatch a damage suit—

MR. LEWIS: I am not going to use your evidence.

MR. BETTS: For a large amount of money.

MR. MCCOY: Don't make any pledge about not using it, Mr. Lewis; you are entitled to it.

MR. LEWIS: Then, if I am, I am going after it, gentlemen.

"GET THE STORY."

Mr. Betts then continued:

About the only order there ever was in the Post-Dispatch office was "Get the story!" When I told Mr. Bovard that the postoffice inspectors were investigating these enterprises, he said, "Get the story." I couldn't do that unless I got the report. That was what I was working for. I told him that if I could get a copy of the report that would be the whole story. All he said was, "Then get the story."

My story was then set in type. The next day or so I read the proof. The article stood in type in the Post-Dispatch office for something over a week. It came out, finally, as a news article. My understanding of the reason it was not previously published is that the office did not consider it proper for publication as a news-item until some action had been taken at Washington. I was sent down to Washington and remained about a week in an effort to learn whether Lewis had been cited to show cause why a fraud order should not be issued. Mr. Fulton was there. My recollection is that I found him in the chief inspector's office. I asked if he could step back with me into the private room and talk with me a minute, and we went back. I said, "Mr. Fulton, I have seen a copy of the Lewis report. It is hard to find out anything. I want to know whether a citation has been issued." He replied, "I can't tell you. You know it would be suicidal for me to discuss it." I afterwards told him that we had a copy of the report, and were going to print it, but had not yet done so.

MR. LEWIS: Did Mr. Fulton, as the inspector-in-charge, knowing that you had a full copy of this report, and that it was a secret report, make

any effort to prevent its publication by the Post-Dispatch, to your knowledge?

MR. BETTS: As far as I know, he did not. I don't recall. I don't know of anything that he did.

MR. LEWIS: Mr. Fulton was inspector-in-charge. Knowing that this was a secret report, and having been informed by you that you had obtained it, and consequently knowing that you must have obtained it in some round-about way—I don't know whether I am making it too broad—knowing, as you would know, being a man of intelligence, the terribly destructive power that such a report in the hands of a newspaper would have against perhaps an innocent party, if it is published, and knowing the whole menace and threat of that thing, and being informed three days before it came out that you had it and that it was in the hands of the Post-Dispatch—yet, as far as you know, he made no effort whatsoever to prevent the Post-Dispatch from publishing it?

MR. BETTS: I don't know of any.

MR. LEWIS: You never heard of any?

MR. BETTS: No.

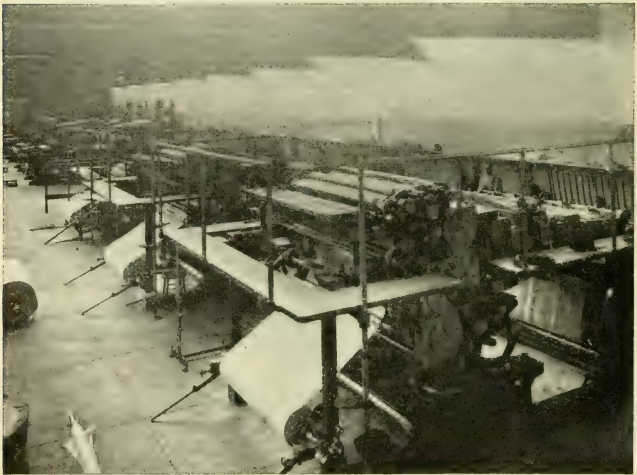
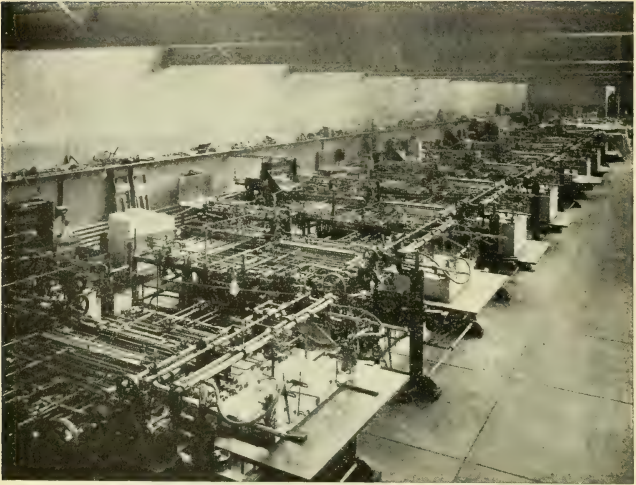
My recollection is that I got back to St. Louis on a Sunday evening. On Monday, I told them at the office I was satisfied that a citation had been issued, but had not absolutely heard of it. I told them Fulton had returned, and I did not think he would come back unless a citation had been issued. I said that if I was in their place I would go ahead and print the story. It was printed on Wednesday, three days after I got back from Washington. The citation had been issued at that time, but I didn't know it. I supposed that they were going on my judgment, but I had no knowledge at all.

The article came out as a special extra. As soon as it was on the street I was given a copy of the paper and told to go out and interview Lewis and see if he would make any statement. I did so, and was sitting in Lewis' office when Postmaster Wyman's secretary came in with the citation and gave it to Lewis. After that I worked on the story continuously, but only wrote parts of it. There was a great deal printed. There were several of the Post-Dispatch men busy on the case.

Let us now see what was this story, based upon a secret report obtained, conveyed, filched, purloined, borrowed to replace, stolen for the time, thieved, provided by connivance—whatever phrase one uses cannot be made too strong. Did Betts steal the report against the will of the inspector? Did Sullivan give the reporter his chance to take the paper out of laxity and by way of simple good fellowship? Or, as the local rumor runs, was this part of a plan of the postoffice inspectors at St. Louis to ensure that Washington should obey their desires, and finish the job of smashing Lewis? What shall be said as to the nature of the action of taking this report for publication. Was such a reporter's trick allowable? Has a newspaper editor the right to get confidential information in any way he can, and publish it unmindful of consequences? May a Government inspector use his own discretion as to when he shall allow a newspaper to take or get a copy of his report. Is it a reputable thing to accept and print such a report, on the part of such a newspaper as the Post-Dispatch, which, by its considerable circulation, may very well be thought of as representing the opinions of the people of St. Louis? It might be thought that such a trifling affair as taking a document out of an inspector's drawer, reading



Equipment of the magazine plant of the Lewis Publishing Company, Magazine Press Building
1 Magazine composing room 2 Engraving department 3 Electrotyping department



Equipment of the Lewis Publishing Company, magazine plant, Magazine Press Building

¹Battery of Dexter Folding Machines ²Battery of Kidder Rotary Printing Presses

it, copying it, and replacing it next morning, was entirely justifiable under the general order "Get the Story." It might be thought that an inspector is not too careless when he leaves confidential reports in open drawers for friendly reporters to take out. It might be further thought that the publication, under such circumstances, of a story that would discredit a man's reputation, destroy his business and eventually involve losses running into the millions of dollars, was entirely allowable on the part of such an editor, reporter, inspector, and their superiors, or whoever was responsible for the issuance of the secret report.

But what do the members of Congress, who are accustomed to deal with matters of confidential nature, and with reporters who seek information, think of such an action? Betts, asked if he did not know that the publication of his story would bring disaster upon the bank, replied that neither he nor the managing editor gave that question any consideration. Congressman Alexander then uttered these words which would seem caustic enough to bite through even the callous hide of yellow journalism and burn down deeply enough to reach the editorial conscience underneath. "If the Washington correspondents of newspapers used such methods," said he, "their necks would be broken, and they would be thrown bodily from the Capitol Building."

THE CITATION IS RECEIVED.

What did this editor and reporter next do? Having set fire to a man's house, they went out to ask him how he liked it. Betts testifies that as soon as the Post-Dispatch article was on the street, his editor handed him a copy and instructed him to go out to University City to interview Lewis, and get his story, presumably for the later evening issue. Betts states, dramatically enough, that the citation (to appear at a future hearing), which had been sent on from Washington, was actually delivered into Lewis' hands by the messenger of the St. Louis postmaster, while he was present in Lewis' office. The news that the citation was issued thus became public and flew all over the country. Mark, not the news of a fraud order, but only of a citation to appear to show good cause why such an order should not be issued. But people did not distinguish between them. Citation, fraud order; the two words produce much the same effect on the common mind, though there is all the difference in the world between investigating a man and publicly stigmatizing him as a fraud. The fact, however, that a citation had been issued was now made known by Betts. It was mentioned in the St. Louis papers of June 1, 1905. It was public property. It was telegraphed all over the country, "Citation issued to Lewis to appear at Washington."

The combined effect of all this publicity was instantaneous. Whoever it was that desired to force the issue certainly succeeded. For the whole superstructure of modern business rests upon a basis of confidence. When confidence is lost, all is lost. The reputation

of a bank, and all banking credit either of men or of corporations is most sensitive. One breath of scandal is as fatal to credit as the first chilling frosts of autumn are to grass and flowers. The credit which Lewis had built up, by incredible exertion, careful experiment and sagacious forethought, within the preceding few years to a total over a million dollars, disappeared, like the wonderful palace of Aladdin, in a single night. If his loans had not been consolidated in the People's Bank, they would have been called in, and he helpless. All negotiations connected with his various projects were abruptly broken off. Fair weather friends deserted him. Even those who were most loyal and confident of his honest intent and personal integrity, found it expedient to dissemble and to make their appointments so as to see him at his home after business hours.

DETAILS OF REPORT ASKING FRAUD ORDER.

The reader of this story of the Siege is now in a position, just as were the people of St. Louis in 1905, to realize to the full the exact significance and probable actual effect of this celebrated "Extra." The charges against Lewis, upon which the fraud order was afterwards issued, have nowhere been set forth more clearly or in briefer compass than when they were first published to the world by Betts when he was told to "get the story." The main part of this article is given below. It was taken from a copy of the Post-Dispatch of that date, now yellowing with years, but not half so yellow as the original, jaundiced with sensationalism, with envy, with greed for gain, and with fear of an ambitious and powerful rival.

This article was the basis of the libel suit brought by Lewis against the Post-Dispatch for damages to the extent of \$750,000. This suit was held up three years, in the hands of Judge Smith McPherson (of whom more hereafter) on a question of jurisdiction. On the very eve of the Ashbrook Congressional inquiry it was remanded for trial in the State Courts of Missouri. Betts was not examined at this trial. The management of the Post-Dispatch was evidently fearful of the effect of his story upon the jury. The court instructed the jury that a newspaper has a right to print the news regardless of its effects. The jury thereupon found in favor of the defendant newspaper. We will now introduce, in large part, the story itself, so that the reader may judge for himself as to its character and the propriety of its publication.

A reproduction of pages one and four of this issue of the Post-Dispatch appears elsewhere in this book, reduced in size, and on this the main headings can be deciphered. The principal article, save for unnecessary details and repetitions omitted, is as follows:

DETAILS OF REPORT ASKING FRAUD ORDER.

By Curtis A. Betts,

A Staff Correspondent of the Post-Dispatch.

Washington, May 31.—Assistant Attorney-General Goodwin has under consideration a voluminous report from the Postoffice Department, which

recommends that a fraud order be issued against the People's United States Bank of St. Louis, prohibiting it from using the mails. The bank was organized by Edward G. Lewis, who is its president, and who is also president of the Woman's Magazine of St. Louis. No action has yet been taken by the attorney-general's office. The report was received from Chief Postoffice Inspector W. J. Vickery, to whom it was sent by Inspectors Fulton, Sullivan and Stice of St. Louis, the inspectors who made the investigation of the bank. The report also states that the case will be laid before United States District Attorney Dyer at St. Louis for presentation to the Federal Grand Jury.

The inspectors say in their reports that some of the other companies organized by Lewis were in debt; hence, the necessity of organizing a bank, in order to have ready cash from which to supply the needs of these companies. The bank has been under investigation by R. M. Fulton, postoffice inspector-in-charge at St. Louis and Inspectors W. T. Sullivan and J. L. Stice since March 1. While this investigation has not yet been finally closed, the inspectors have submitted to the assistant attorney-general for the Postoffice Department here a report, on which they ask that Lewis be cited to appear and show cause why a fraud order should not be issued against him.

As reasons for the issuance of a fraud order, the inspectors allege that Lewis "obtained money and subscriptions for stock in the bank by exaggeration and misrepresentation of the security, safety and profits to accrue to the subscribers of stock, promising to put in his own funds, dollar for dollar for every subscriber, and then organized the bank so that Edward G. Lewis could and would control it without the voice of the stockholders, and use the funds subscribed, or a large portion of them, for his own purposes and benefits."

It is alleged that Lewis drew salary from the bank as its president from July, 1904, while the bank was not legally in existence, until November 14, 1904, and that he had no right to draw salary until that time.

That Lewis' representations that the capital stock of the bank would be worth several times par the day the bank opened were untrue.

That it is not true that the profits of this bank are so much greater and the expense of operating so much less than other banks, as Lewis represented.

That Lewis represented that the profits from a certain certified check system alone would amount to nearly a quarter of a million dollars a year, and that this is not true.

That it is not true that Lewis subscribed for and took dollar for dollar of capital stock with other subscribers, or that he took a million dollars in stock in his own name; or that he paid in a single dollar out of his own funds for capital stock; or that his capital stock would go to increase the reserve of the bank and, in consequence, enhance the value of the stock of other subscribers, as it is alleged he represented.

That it is not true that the officers and directors of the bank are prevented from loaning or borrowing the funds of the bank, but that they had loaned and borrowed \$411,203.18 up to March 15, 1905, when the capital stock amounted to only half a million.

That it is not true that the capital stock of the bank was intended to be invested in Government or State bonds or gilt-edged securities.

That it is not true that the loans of the bank were passed on or guaranteed by any other bank.

That it is not true that the Woman's Magazine and Woman's Farm Journal were built up on a capital of \$1.25, and that it is also not true that the Woman's Magazine building was built at a cost of a half million dollars "without mortgage, lien or loan," and the advertisement of the success of those two papers as evidence that the bank would prove successful, is misleading and a misrepresentation of existing facts.

That it is not true that the board of directors is composed of men selected because they had demonstrated ability, built up large enterprises and amassed comfortable fortunes; that the board of directors was not elected according to the laws of Missouri, but was and is the sole selection of E. G. Lewis out of his employees of the Lewis Publishing Company.

That the voice of the stockholder is silenced and has no part in the conduct, control or management of the bank.

That it is not true that the great profits which Lewis described in literature sent through the mails, would accrue to the bank, or could possibly accrue, and that Lewis knew this to be a fact.

Regarding the allegation that Lewis and concerns in which he is financially interested, borrowed money from the bank in excess of the amount permitted by law, it is alleged that his books show such loans amounting to \$411,203.18.

At the time this money was borrowed, it is alleged, the paid in capital stock of the bank was only five hundred thousand dollars, and that the amount alleged to have been borrowed, \$411,203.18, is greatly in excess of the State law, which provides:

"No officer or director of the bank shall be permitted to borrow of the bank in excess of ten per cent of the capital and surplus, without the consent of a majority of the other directors being first obtained at a regular meeting and made a matter of record * * * and no bank shall lend its money to any individual or company, directly or indirectly, or permit them to become indebted or liable to it to an amount exceeding twenty-five per cent of its capital stock actually paid in."

The note for \$146,375.63 for expenses of promotion and advertising, is signed by E. G. Lewis, E. W. Thompson, F. J. Cabot, A. L. Coakley and G. A. Arbogast, the five directors of the People's United States Bank.

That Lewis stated the bank stock would be worth several times par the day the bank opened is seen in the May, 1904, edition of the Woman's Magazine, in which was stated:

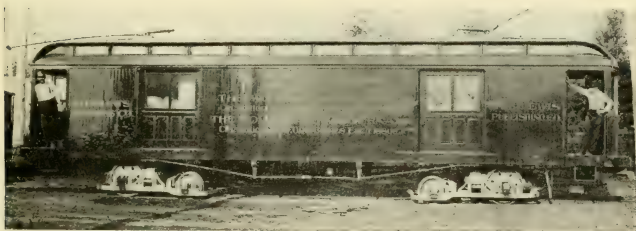
"Subscriptions to stock have poured in by tens of thousands of dollars. * * * Our bank will open with over one hundred thousand stockholders and depositors. * * * Stock will advance to several times par the day the charter is granted." * * *

Regarding the profits to accrue from the certified check system, Lewis says in the July, 1904, issue of the Woman's Magazine, in an article covering two pages: "From certified check system the earnings will be nearly a quarter of a million dollars per year without having to pay any interest on it."

Regarding his agreement to put in dollar for dollar with the other subscribers to the stock, Lewis said in the May, 1904, issue of the Woman's Magazine: "I ask you to join me with from one dollar to five hundred dollars. I have pledged to put up dollar for dollar with you to the utmost limits of my private fortune. I would rather be president of the Woman's Magazine and the Postal Bank than president of the United States."

Regarding his subscriptions to stock and his profits going into the reserve fund, Lewis stated in the July, 1904, Woman's Magazine: "I am arranging to turn nearly everything I have into cash, outside of my stockholdings in my present publishing business, and expect to subscribe for at least one million dollars of the stock of our bank. I must pay cash, exactly the same as you do for my stock, as there is no "promoter's stock" in this bank, but when it opens its doors there will be a dollar in cash in the vaults for every dollar of capital stock, and every dollar of my profit will go to increase the reserve in the bank each year."

As to the privilege of officers and directors borrowing from the bank, Lewis said in the July, 1904, Woman's Magazine: "Our bank will not be a private bank, but a State or National bank. Its stockholders cannot be assessed or become liable. The officers and directors cannot borrow or use



Transportation equipment of the Lewis Publishing Company during the prosperous years of 1904 and 1905

¹Electric trolleys ²Private car "Mabel" ³Daily scene loading the mail car
⁴Private mail car



Athletic organizations of employees and equipment provided by the Lewis Publishing Company during its period of prosperity

¹Senior base-ball team ²Base-ball park, built in the spring of 1905 ³Junior team

a dollar of its funds. I, who am arranging my personal affairs so as to take and pay for a million dollars of the stock myself, and who will be its president, could not lend myself a single dollar of the bank's funds. In addition to this, I am pledging my own great stockholdings to you for your additional safety and profit. Every dollar that my stock earns goes into the reserve of the bank, adding to the value of your stock."

Regarding the investment of the capital stock of the bank in Government or State bonds, or gilt-edged securities, Lewis said, on page 11 of "Banking by Mail": "The entire capital of this bank will be invested in Government bonds or other gilt-edged securities."

Regarding his plan of having other banks pass upon and guarantee all loans, Lewis said, in the September, 1904, Woman's Magazine: "By our system its loans are passed on and the greatest part of them, as I will explain, are guaranteed and secured by other banks with the best collateral."

Concerning the success of his publication, Lewis, under a picture of the Woman's Magazine Building on the cover of "Banking by Mail," said: "Great office building of the Woman's Magazine and Woman's Farm Journal (Lewis Publishing Company) erected for cash, without mortgage or lien, at a cost of over a half million dollars, in five years, from the start of \$1.25, showing what can be done if enough people combine to do it even at 10 cents per year, each."

Regarding his selection of a board of directors, Lewis said, on page 11 of "Banking by Mail": "I shall have associated with me on the board of directors seven of the strongest, ablest men that I can get. These men I have selected because, while they have made independent fortunes—have made them legitimately and honestly by a life's labor—they are so situated that they are free from the pull and intrigue that their position would naturally bring against them, but have a life record of honesty and fair dealing which makes their standing in the community one that cannot be questioned."

On the same subject Lewis said, in the July, 1904, Woman's Magazine: "The board of directors will be composed of men selected, not because of their banking experience or their connection with other banks or trust companies, but largely because they have no such experience or entanglements. I am selecting seven strong men who have demonstrated abilities, built up large enterprises, amassed considerable fortunes, etc."

Postoffice inspectors allege that the men composing the board of directors are as follows: Edward G. Lewis, president of Woman's Magazine, or Lewis Publishing Company, salary \$15,000 a year; Frank J. Cabot, editor of Woman's Magazine, salary \$4,000 a year, and editor of Woman's Farm Journal, at salary of \$2,000 a year; Augustine P. Coakley, advertising manager of Lewis Publishing Company; Eugene W. Thompson and Guy A. Arbogast, employees of Lewis Publishing Company.

As evidence that the voice of the stockholder is silent and has no part in the management of the bank, the inspectors incorporated in their report the following contract of waiver and proxy, which, it is stated, every stockholder signed:

"This memorandum witnesseth that, in consideration of the transfer to the undersigned by Edward G. Lewis, president of the People's United States Bank of * * * shares of the capital stock of said bank (amounting to the par value of \$-----), I hereby authorize him to receipt for me and in my name on the books of said bank for the certificates for my said shares; and in consideration of his services in the organization of said bank and of his acceptance hereof, I hereby request and appoint said E. G. Lewis to act as proxy to vote and represent my said stock at all meetings of stockholders of said bank in event I be not personally present; and upon his acceptance of this proxy the same shall remain in force until revoked by me after three years from this date, by written notice to said bank, but

before any revocation it is agreed that said Lewis shall first have the option (upon ten days' written notice to him) to purchase said stock of me or my legal representatives, at its fair market value at the time, and I hereby ratify the proceedings taken for incorporation and operation of said bank, and for the increase of its stock, and hereby waive any right to subscribe for any increase of stock, unless with the written assent of said Lewis, and I request said Lewis to cause to be forwarded to me the official certificate for my said stock, and upon his acceptance of the duties of proxy as aforesaid, and due consignment of said certificate by mail to me, this memorandum shall become effective, and not otherwise. In attestation, witness my signature, the date first aforesaid."

In the December, 1904, number of the Woman's Magazine Lewis gave as the five means by which the bank would make money: (1) The certified check system; (2) the profit-sharing time certificates; (3) the legal department, by which all patrons get advice for two dollars; (4) safety deposit vaults at two dollars per year; (5) trust department, whereby the bank acts as trustee and executor for wills and estates.

According to the postoffice inspectors' examination, the books show the subscriptions to the capital stock on March 15, 1905, to have been \$2,114,926.67. In the February, 1905, issue of the Woman's Magazine, under date of January 3, Lewis said: "Today, ten days after the closing of the subscription books (December 24) I am just staggering out from under an avalanche of subscriptions, by mail and telegraph, that came in the last few days before closing the books. Already over ninety thousand individual subscriptions to the capital stock of the bank have been recorded. The entire five million is subscribed, and what the total subscription will amount to, I cannot yet tell.

"The legal advisers of the bank have advised us that the regular legal notice of the increase of the capital to the five million dollars be advertised in the local papers for sixty days, instead of incorporating a waiver of notice as was originally planned. This delays the delivery of the stock certificates until after March 4, although they are now being made out. * * * On March 4, the meeting is to be held to formally increase the capital. In the meantime, as fast as they can be handled, the formal receipts will be called in and the stock certificates made out in their place. All stock certificates will bear the same date.

"I beg of those of you who receive this stock to hold it tight. I believe in a few years it will have become the most sought after and highest priced stock in America. Already premiums of two for one (two dollars for one dollar) have been freely offered for large blocks of it. Shortly after March 4, it will be regularly listed in the Stock Exchange. Remember, all this stock is in your hands. No man or woman will have over five hundred dollars' worth of it unless they obtain it by deliberate falsehood. I have pledged my fortune, my great publishing business, and the best years of my life to come, to the success of this bank. It is in your hands. No man could read the thousands upon thousands of letters breathing confidence and good wishes that I have received from you and not be a bigger, broader and better man for it. That is my profit and the only profit I want.

"On December 24, the subscription books closed with about ninety thousand subscribers to the stock in my hands. Be patient. I have carried through in the past few months the organization of one of the greatest corporations in the world. I have sent out over three million letters. I have personally answered tens of thousands more. * * * I do not think there is any doubt but that we will have nearly, if not fully, one hundred thousand stockholders when the mail is all opened.

"I have subscribed for two million dollars of the stock of our bank myself, instead of allotting it on the large lists of whole wealthy families. One million dollars of the stock I intend to retain and so trustee it that its

earnings shall go into the reserve of the bank each year, in order to more rapidly double the value of the stock of other stockholders, and so that it will forever remain as a barrier to any man or body of men who, attracted by the wealth and prosperity of our bank at some future day, should try to buy up enough of the stock to give them a large vote in its affairs. * * * With my million dollars of the stock trustee, and in the event of my death, voted by the other stockholders, that would be practically impossible. Now, the other million dollars of my subscription, I have divided into two parts of a half million dollars each. One part I shall allot and sell at par to those of you who could not subscribe for and pay for it all at once. * * * The other half million dollars I shall hold to be placed exclusively with the officers of other banks and with strong men who can be a source of assistance, counsel and mutual benefit to our bank."

THE SIEGE BEGINS.

Betts' story was in the nature of a bombshell thrown into a besieged city. Its devastating effect upon the growing industries, whose development, filled with hopeful enthusiasm, makes this story of the Siege one of absorbing, practical interest, may now be realized. The condition of public alarm was, it is true, not yet as pronounced in St. Louis and all over the country as it finally became after the actual issuance of the fraud order, which was to the Siege as the final cutting off of all communications by the closure of the enemy's lines.

But the air was thick with rumors. Suspicion was so strong that bankers and responsible business men felt it incumbent on them in justice to their own stockholders and creditors, not to have anything further to do with the notorious E. G. Lewis. They could no longer, as they had been formerly glad to do, allow their names to be associated with the newly formed People's Bank, or Lewis' other enterprises. In cafés and clubs, on the street corners, and in bank parlors, men read this article with absolute amazement and horror. News of an actual war could hardly have stirred them more, and the effect was similar. Those dealing with him stopped. Among the numerous projects which he had undertaken and partly carried out, and which fell through at this juncture, were these: The purchase of the St. Louis Star, which was to have been consummated the very next day, June 1, was frustrated; a loan of two hundred thousand dollars that had actually been passed to the credit of Lewis by the Missouri-Lincoln Trust Company, was refused. The proposed bond issue of seven hundred and fifty thousand dollars, by which Lewis was intending to consolidate his entire real-estate interests and pay part of his million dollars to the capital of the bank, could not be consummated. A further loan of one hundred thousand dollars from the Royal Trust Company of Chicago fell through. All the negotiations looking to the co-operation of the banks and bankers of St. Louis in the formation of an advisory board of fifteen for the People's Bank were stopped. The further co-operation of bankers in the smaller cities could be had no longer. The manufacture of children's steel safes and many similar details of business were abruptly interrupted. All

these and many similar effects resulted from the terrific scandal of Betts' article.

It is perfectly true to say that a similar interruption to business would have occurred anyhow on the issuance of the fraud order. But a fraud order is not ordinarily issued until after a hearing following a citation to appear. Lewis had no chance to appear. The report was published. The disaster to his credit occurred. All this took place without warning. The whole was caused by the public issue of a confidential Government report through the carelessness or connivance of a postoffice inspector.

The scenes attending the investigation of University City by the Federal and State authorities, and the interplay of personalities in the numerous skirmishes and legal battles that next followed, still live in the memories of many St. Louisans, and in the great scrap-books of clippings from the St. Louis newspapers of those days that have been stowed away in Lewis' private vault. The story was a spectacular one. The interests involved were enormous, nation-wide. A fight was on in which great personalities were engaged. The air was thick with rumors as to further governmental action. Nobody seemed to know just what was behind the thunderous attack on Lewis and his enterprises, but everybody believed that it must be something which did not appear upon the surface. Fraud! the word itself was a mystery. The case was a mystery. The public loves a mystery. So the newspapers made much mystery about it. Talk about Lewis and the People's Bank was in every mouth.

THE P-D FOLLOW-UP CAMPAIGN.

The Post-Dispatch, evidently animated by the same motives which prompted its first publication, now strengthened by the necessity for self-justification, followed up its "scoop" with a vigorous and insistent campaign of denunciation. The St. Louis Star-Chronicle, which was to have passed into Lewis' entire control with a view to its development as a strong rival of the great St. Louis paper, sprang to his defense. The other local newspapers strove to keep a neutral impartiality. Among weekly publications, the Mirror, rejoicing at the destruction it had helped to cause, joined the hue and cry of the Post-Dispatch. The Censor came out vigorously in Lewis' behalf. Wetmore's Weekly also took up the cudgels for Lewis, particularly against Swanger and the State administration. All these publications will hereafter be drawn upon for picturesque incident and local color which will assist the imagination to reconstruct the state of public sentiment and opinion.

The Post-Dispatch of June 1, 1905, ran a four-column story, accompanied by a five-column "panoramic" view of University Heights, with heading thus: "State to Name Temporary Cashier for Lewis' Bank: President of \$2,500,000 Mail Order Institution Proposes Such Course Pending Investigation: Conferences with Secretary Swanger and Others On, to Determine Further Course of Action;

Other Bankers Expected Are Not Present: Cited to Show Why Fraud Order Should Not Issue." The opening paragraphs read thus:

President E. G. Lewis, of the five million dollar People's United States Bank, today proposed to Secretary of State Swanger and State Bank-Examiner Cook that they name a temporary cashier to look after the finances of the bank until the investigation is concluded by the State Department. The proposition was made by Lewis at a conference of the State officials at the Southern Hotel, beginning at 12:15 p. m. today. Certain bankers who were expected to be present could not come and it was feared that the meeting would fall through.

At noon, Lewis himself arrived and met Swanger and Cook in the lobby. They proceeded to Swanger's room. It would seem by the requirements laid down for President Lewis in the letter of the secretary of state of May 1, that Lewis must raise about half a million dollars. Loans aggregating \$411,000 by the bank to Lewis, endorsed by officials, directors and corporations controlled by him, now classed as cash assets of the bank, must be taken up and paid at once by requirement of Secretary Swanger. Mr. Swanger said later that he had taken charge of all of the assets of the bank and that he held the keys to the safe where all the bank's money and certificates are kept.

While the State of Missouri was acting through Secretary of State Swanger, the U. S. Government moved also. Late Wednesday afternoon, a citation to appear, either by mail or in person, on June 16, and show cause, to the assistant attorney-general, why the fraud order should not be issued against him prohibiting the use of the mails to his bank, was served on Mr. Lewis.

Apparently at the time of writing this article the fact that instead of complying with the requirements of the secretary of state and attempting to raise half a million dollars in the face of the "concerted action" against him, Lewis had picked up the gage of battle and increased the loans of the People's United States Bank to himself and his enterprises to the amount of nearly half a million dollars additional, was still unknown in the office of the Post-Dispatch.

Under the caption—"Prominent St. Louisans Withdraw from Bank," the Post-Dispatch proceeds to recite alleged interviews with certain of the incorporators purporting to be a repudiation of all responsibility in the premises. Under the caption, "Further Details of Postoffice Investigation of Lewis' Bank," dated "Special to the Post-Dispatch, Washington, June 1," but obviously drawn from the inspectors' report procured by Betts from Sullivan, emphasis is laid upon an alleged fraudulent dividend of two per cent. This was based upon the circumstance that Miss F. Ellen Ayars of New Richmond, Minn., subscribed \$1.00 for the stock of the bank on September 17, 1904, and received on March 2, 1905, a passbook with a credit of one cent dividend upon one dollar remittance for stock. From this fact, the following conclusion was drawn:

He was, therefore, paying a dividend of about two per cent per annum at a time when the bank had not earned a dividend and was practically insolvent from the misuse of funds from capital stock.

Under the caption, "Says He Drew Salary," this occurs:

In support of the inspectors' statement that Lewis drew a salary from the bank at a time when the bank was not in existence, and when it was

alleged he had no right to draw salary as president, the report enumerates amounts alleged to have been drawn by him for the different months, totaling \$16,598.55.

SWANGER'S FAMOUS DEMANDS.

Under the heading, "Proxies Create Suspicion and Constitute Dangerous Power," is printed a letter which certainly was not public property, and which could hardly have fallen into the hands of the Post-Dispatch for publication, except by the authority of one of the public functionaries concerned. The publication of this and other official documents in the Post-Dispatch, without protest by either the State or Federal authorities, would seem to admit that newspaper definitely to the rank of their semi-official organ. As this letter occupies a prominent place among the official allegations of misconduct upon Lewis' part, this entire article will be quoted:

Following is the letter, under date of May 19, received by Lewis from Secretary of State Swanger, following the examination of the People's United States Bank by State Bank-Examiners Cook and Nichols:

The examination of your bank, commenced on April 3, has progressed sufficiently to justify me in making the following observations: Subscriptions to the capital stock of your bank were secured largely through advertisements made in the Woman's Magazine and Woman's Farm Journal, two journals under your control, over your signature. The plans of organization and the manner of conducting the business were fully set out in these communications. On account of the large number of your stockholders, located in almost every state of the Union, and their small holdings, this department insists that all these promises be made good and believes absolute good faith on your part is necessary for the success of the bank. We believe some of these promises have been openly violated and other implied promises have not been kept. In so far as these promises are not at variance with good banking, this department will insist that they be kept, even though the banking laws of our State are not being violated.

Fairness dictates that the allotment of stock to subscribers be made in the order in which their subscriptions were received; and, furthermore, that those taking stock on the installment plan are as much entitled to their allotment of stock, and in the order their subscriptions were received, as are those that paid in cash; and, above all, no discrimination should be made in the allotment on account of the signing or not signing of the proxies sent out by you at the time you advised the subscribers that the stock had been allotted to them. These proxies contain provisions which look very suspicious and caused a number of subscribers to complain to this department. Proxies were intended to subserve the interests of the stockholders. When sought by an officer of the corporation they create a suspicion, and when largely obtained, they place in his hands a very dangerous power. The obtaining of these proxies in large numbers in their present form we believe to be against public policy, and if the wishes of this department were consulted, these proxies would all be returned to the stockholders.

The manner of organization puts into your hands the selection of the officers and board of directors. The law places the management of the bank's affairs in the hands of the board of directors. The present board is composed of the officers of the Lewis Publishing Company, employees of your's, thus placing the entire management virtually in you. These gentlemen were to have been the executive officers; and seven other men, whose qualifications were fully set out in your literature, were to be selected as the board of directors. Your bank has now been in operation six months and this board has not been named. The interests of stockholders and de-

positors demand that these directors be named and the management of the affairs of the bank vested in them. The success of the bank depends so largely upon the character of men selected to be directors, that I ask that the list of gentlemen so selected be submitted to this department before their appointments are made.

You set out to the general public in your literature the lines along which the business of the bank would be conducted. I will not undertake to pass upon these features, but will leave them for further consideration, and to be worked out by your officers and directors. But you made pledges to the people that certain things would not be done, that I hold should now be kept. They are within your power to keep, and the keeping of them would in no way affect the solvency of the bank. On the contrary, these pledges no doubt gave the people confidence in your plans, and are known to the general public to point to the rocks against which nine-tenths of our banks have been wrecked.

I have especially in mind your loans to officers and directors and to firms and corporations in which officers and directors are interested. Of the \$321,000 of loans held by your bank on the day of examination a large portion were of this class of loans. These loans may all be good, but are in such gross violation of your pledges to the people that I insist they should be taken up with as little delay as possible.

You exceeded your charter rights when you invested the funds of the bank in the various stocks of other corporations. Such stocks as you now hold should be disposed of without exception, as soon as it can be done. I might say in this connection that it is outside of the banking business and your charter powers to deal in stocks. I speak of this because I noticed a tendency on the part of yourself and associates to be promoters and use the funds and good offices of the bank in that direction. This business must be kept separate and apart from the banking business. In fact, your connection with this bank and the connection of any of your associates in the management of this bank, demand that each of you sever your connection with all outside enterprises that are in the least speculative.

I found in checking over the cash account, \$5,945.95 in drafts on the Missouri-Lincoln Trust Company, made by the Development and Investment Company, of which E. G. Lewis is president. Upon inquiry at the Missouri-Lincoln Trust Company, I found that the Development and Investment Company had but \$984.28 to its credit. The carrying of these drafts is irregular.

I am not ready to take up with you the large promotion expenses which are now carried in the note of \$146,375.68, but will leave this also for further consideration and to be taken up in person with you and your board of directors. I am satisfied a large part of this cannot be charged up against the bank.

I want to know definitely who the stockholders of the People's United States Bank are, where they reside, and the amount of stock held by each. The books of the bank should show these facts and this department is entitled to the information. I do not wish to impose upon you the labor necessary to prepare this list of stockholders. But I do want the books of the bank to show definitely and specifically who the stockholders are, their residence, and the amount of stock held by each, so that my examiners may check this account. If the bank's books do not show these facts, I would thank you to have such information properly set out upon the books of the bank and with as little delay as possible. When the above is done and you have completed your issuance of certificates of stock to those to whom was allotted the \$1,500,000 increase, I will thank you to advise this department.

My examination discloses the fact that you, for yourself, took only a small part of the original stock, but took it largely for others. This original stock is only half-paid, and those for whom you took the stock under-

stood it was to be fully paid and nonassessable. The original stock not being fully paid, is subject to assessment, and for this reason the State is entitled to know who the original stockholders are. The facts are, however, that at the time you took out the original charter of \$1,000,000, you had received from subscribers, and should have had on hands, sufficient funds to have paid this original stock in full. These being the facts, this department insists that this original stock be paid in full and the stock be allotted to those who were subscribers at the time the charter was taken out. I will, however, concede to you your right to take for yourself such part of this original stock as you may choose to take, or may have taken, and concede to you your privilege to pay in full or one-half, but I do insist that the funds placed in your hands by subscribers be used to purchase only fully-paid stock.

You may think I assume too much in this matter, but I assure you it is only my desire to see that everybody interested gets a "square deal." Those whom you represent are so scattered, their interests so small, and their means of knowing the facts so hampered, that, the responsibility being placed on this department by yourself, I assume to take notice of facts and conditions that are ordinarily left to be worked out between the parties themselves.

Please have prepared and send me a copy of your daily statement at close of business May 18, and a list of your notes, stocks and bonds, also the amount to the credit of E. G. Lewis special and E. G. Lewis collection. I will visit your institution again in the near future with a view of completing this examination.

THE FIRST WAR NEWS.

The following highly significant paragraph occurs in a special dispatch to the *Globe-Democrat* from its Washington correspondent under date of May 31:

It was learned at the treasury department that repeated efforts have been made by interested persons to start an investigation of the People's United States Bank through that department. The matter was placed before Mr. Ridgeley, comptroller of the currency, and later reached the secretary of the treasury. Mr. Lewis sent on copies of all literature he had circulated in connection with the banking enterprises, and the comptroller said he could see nothing that was not legitimate about the representations made. The documents and papers of the treasury department are always available for the Postoffice Department and the Lewis papers might have been sent over to the latter on request.

That department of the Administration, in other words, best qualified to give judgment on all matters pertaining to banks and banking could see no grounds for action against the People's Bank.

The front page of the regular edition of the *Post-Dispatch* of June 2, 1905, was graced by the cartoon shown elsewhere, depicting Lewis and Cabot, wherein it will appear that the cartoonist was not insensible to editorial suggestion. The principal news item runs as follows:

E. G. Lewis, President of the People's United States Bank, on leaving a conference with Secretary of State Swanger, Assistant Attorney-General Kennish and State Bank-Examiner Cook, which began at the Southern Hotel at 10:45 this morning, stated to a *Post-Dispatch* reporter that a new board of directors for the bank would be elected. Lewis was accompanied by H. S. Priest and Shepard Barclay, his attorneys.

Attorney-General Hadley has been called in by the secretary of state who telegraphed him immediately after the conference closed. It is understood that Lewis opposed Swanger's demand that he take up the loans

made by the bank to himself and raised questions of law. This drew the attorney-general into the conference. From another source it was learned that a formal meeting of the board of directors, attended by the state officials, will be held Friday afternoon at the Woman's Magazine Building. A new board containing at least three representative St. Louis business men approved by the secretary of state will then be elected. Asked if he had submitted a list of names for the secretary of state's approval, Lewis said he had. Asked regarding Swanger's requirements, he said the new board of directors would attend to that.

ALIGNMENT FOR BATTLE.

The remainder of the story was taken up chiefly by alleged interviews with St. Louis bankers purporting to criticise the People's United States Bank, and, with few exceptions, repudiating all responsibility for and relations with that institution. Among the critics of the bank were mentioned August Schlafly, president, and Dr. Pinckney French, vice-president and treasurer of the Missouri-Lincoln Trust Company. This institution had previously passed a loan of two hundred thousand dollars to Lewis' credit. It had agreed to purchase his proposed bond issue of seven hundred and fifty thousand dollars. At that time approximately seven hundred thousand dollars of the bank's funds were on deposit in its vaults. Both Schlafly and French had been incorporators of the bank. Both were personally friendly to Lewis. But in the then existing state of public opinion neither could afford to disregard the interests of the institution for which they were primarily responsible.

H. A. Forman, president of the Fourth National Bank, volunteered a statement that he had been asked to become a director of the People's United States Bank, but had declined. John D. Davis, president of the Mississippi Valley Trust Company, said that none of the officers or directors of that institution had any connection with the People's United States Bank. Four other downtown banks and trust companies refused to make any statement upon the principle that the names of depositors could not be disclosed. George H. Augustine, vice-president of the Carleton Dry Goods Company; Theodore F. Meyer, vice-president of the Meyer Brothers Drug Company, and Porter White, declined to express any opinions. James F. Coyle, of Coyle & Sargeant, who afterwards with Mr. Meyer became a member of the reorganized board of directors was quoted thus:

I have been in Chicago three days. I know practically nothing about the matter, except what I saw in this morning's papers. I am a stockholder in the bank, however, and expect to remain one. I was one of the original signers of the charter and took five hundred dollars' worth of stock, which is the full limit that anyone could sign for. I do not believe anything is wrong about the bank. I think when the investigation is through everything will be found all right. I have great faith in Lewis. I think he is an honest man and that he will do whatever the State advises.

With this clash of conflicting voices amid the confusion and smoke of battle and one man's voice vigorously lifted to vouch for Lewis' honor and integrity, this chapter may fitly close. The battle, however, had only just begun.

CHAPTER XV.

INVESTIGATION BY YELLOW JOURNALISM.

THE POST-DISPATCH VS. SWANGER—A HITCH IN THE "CONCERTED ACTION" PROGRAM—FORCING SWANGER'S HAND—THE RE-ORGANIZED DIRECTORATE—THE ATTORNEY-GENERAL'S OPINION.

St. Louis, May 31, 1905.

Chief Postoffice Inspector,
Washington, D. C.

Secretary of State Swanger here today. Greatly exercised over Lewis matter. He has been criticised for failure to act, and recently ordered Lewis to restore the \$400,000 withdrawn from bank, to cancel forged* proxies, to account for all subscriptions received, to make good all material representations, and to select representative body of directors subject to approval secretary of state. Should money not be returned today Swanger may take charge of bank. At secretary's request I have asked postmaster to withhold delivery of citation until 4 o'clock this afternoon sharp, purpose of facilitating collection of shortage. Situation quite acute on account of its importance and because Woman's Magazine now receiving second-class privileges largely by sufferance of Department is, and has been, the vehicle for promotion of bank and for Lewis schemes. I suggest concerted action part of assistant attorney and third assistant on reports of 16th instant. Please take up with proper officers.

FULTON, Inspector-in-Charge.

Such is the famous "concerted action" telegram dispatched by Robert M. Fulton, inspector-in-charge at St. Louis, to Chief Postoffice Inspector Vickery at Washington the very day that the Post-Dispatch published its celebrated extra. Its purpose was to hurry action by the Department. It closes with the suggestion for concerted action by Goodwin and Madden on both the postoffice inspectors' reports, recommending a fraud order against the bank and the withdrawal of the second-class privilege from the two magazines. Commenting on this telegram, Madden remarks:

Observe its air of assurance. Plainly the man who composed and signed it had little doubt that the recommendations in the two reports which he referred to would be adopted.

The policy of "concerted action" thus plainly avowed by Fulton brings up the question as to what part his personality and opinions played, both in the inception and during the continuance of the Siege. On the Kansas-Bristow-Anti-Dice theory, Fulton was the arch-conspirator. It was he whose name was associated with that of Vickery in the report quoted by Bristow when Lewis was pilloried as a "get-rich-quick" man and violator of the law. It was Fulton who was said by the friends of Dice to have been associated with

*Evidently an error in transmission. The word intended is presumably "forced."

him by Bristow as the latter's confidential representative. It was Fulton who was advanced by Bristow over the heads of experienced and capable inspectors preceding him by long years of faithful and efficient service. It was Fulton who was placed by Bristow in charge of important special investigations, and who was associated with Bristow, himself, in the investigation of the Postoffice Department in Washington. And, upon the death of Dice, it was Fulton who succeeded to the vacant place and thus inherited the complaints against Lewis and his enterprises, which had been made up in Washington and submitted to Dice for examination during the period when the latter and some of his associates were investors in the Lewis enterprises. Fulton, therefore, did not take up the Lewis case with an open mind. He came to it as part and parcel of an old and bitter feud between the friends of Dice and those of Bristow. Let us see whether or not his official conduct bears any evidence of bias or prejudice against Lewis.

The "concerted action" telegram was, of course, a confidential and privileged communication. Neither the fact that it had been sent nor its contents were known to Lewis or the public at the time. The full story of this most remarkable message belongs more properly to the attack on the Woman's Magazine. For Third Assistant Madden testifies that it was this which first suggested to him the possibility of a conspiracy within the Postoffice Department to put Lewis out of business. Just now our attention must be confined to what was known to the public at St. Louis. We are especially concerned with the campaign of the Post-Dispatch to bring about official action by Secretary of State Swanger. Observe from this point of view, that Fulton's policy of concerted action embraced the banking department of the State of Missouri as well as the bureaus of the assistant attorney and third assistant at Washington. Note the intimacy of Fulton's working relation with Swanger. "Swanger has been criticized," says Fulton, "for failure to act." By whom? Evidently by the Post-Dispatch. "At the secretary's request," says Fulton, "I have asked postmaster to withhold delivery of citation until 4 o'clock this afternoon sharp, purpose of facilitating collection of shortage." What shortage? Evidently the Carlisle note, which was then in process of collection, as this was the only shortage which the secretary of state is known to have made any effort to collect as of this date. This single message thus links the name of Fulton with those of Swanger, Wyman (postmaster at St. Louis), Vickery, Goodwin and Madden. It reveals him as the central spider, industriously weaving the net in which Lewis and his affairs were afterward entangled.

Nor is Fulton's concerted action telegram more significant in what it says than in what it omits to say. Not one word does it contain as to the Post-Dispatch extra. Not one word as to the purchase of the St. Louis Star. Not one word as to the Carlisle check, the collection of which the secretary of state was so desirous of preventing. A conspiracy consists in two or more persons getting their heads

together to commit a legal wrong. Was this telegram dispatched from St. Louis before or after the Post-Dispatch extra appeared upon the streets? Did Fulton know that the inspectors' report had been or would be published that same day? Must we account for the "concerted action" telegram having been flashed to Washington just as the Post-Dispatch extra was flung upon the streets and when Swanger was in town greatly exercised on account of criticisms by that newspaper, as a mere coincidence? Or would such a theory strain credulity to the breaking point? Did Fulton, Swanger, Betts, Bovard, Dunlop or Johns (the last four all of the Post-Dispatch), or any of them, have their heads together on the morning of May 31 to prevent the consummation by Lewis of the purchase of the St. Louis Star, and if necessary to that end to wreck the People's Bank? Was such activity and agreement among them, if any such took place, designed to further an act wrongful in morals or in law? And, if so, did the conspirators accomplish their design? Such are the questions which we are to consider in the present chapter.

THE POST-DISPATCH VS. SWANGER.

A public assault on a solvent bank, like that made by the Post-Dispatch in its "great scoop," set forth in the preceding chapter, is a serious business. That newspaper had felt itself forced to strike on May 31, because Lewis' deal for the purchase of the St. Louis Star was to have been consummated next day. Betts says frankly that this action was taken before he even knew with certainty that a citation would be issued. Hard upon the heels of the story, the citation came. But this was not in itself enough to justify an attack upon a solvent institution. Outraged public sentiment and a suit for libel in heavy damages confronted the management unless their onslaught was followed by some official action. Hence, the management of the Post-Dispatch now unlimbered its guns and followed its first charge with an insistent and persistent campaign of denunciation.

The strategic point of attack at the moment was the State banking department of which Secretary of State Swanger was the head. The Post-Dispatch probably expected to find him a willing ally. They had lent him powerful support during the campaign by which he had been newly elected to his office. Indeed, in the opinion of well informed political observers, they had decisively influenced his election. Not only a natural sense of gratitude for past favors, but an equally lively expectation of favors to come, might well have been thought by the managers of that newspaper to promise them almost any sort of aid that the secretary of state could give.

A totally unexpected obstacle was interposed, however, when it became known that the cash assets of the bank were several times the total amount of its deposits and that its loans were abundantly secured. The Post-Dispatch and its allies were thrown into a quandary. The secretary of state was forced to admit that the bank was

solvent and that, therefore, under the State law he had no legal right to force a receivership. His power was strictly limited. He had the right to make certain demands upon the bank as to the details of its practical operations. But should its officers and directors refuse to comply, his only recourse was to advise the attorney-general of all the circumstances in order that the latter might bring the matter into court. Thus, however willing Swanger might have been to co-operate with the Federal authorities, to repay the political friendship of an influential newspaper, or to secure for a personal friend a fat receivership, there were no tenable legal grounds upon which the seizure of the bank could be sustained.

The position of the State authorities of Missouri during the period prior to the issuance of the fraud order was thus a most uncomfortable one. The examination of the bank's affairs proved that it was solvent, and that there had been no serious violation of the State banking laws. The conference of the secretary of state and the attorney-general with Lewis and his counsel on June 1, showed clearly that there was no good reason why the demands of the banking department could not be complied with, or why in that case it should be interfered with further.

This natural and easy solution of the problem, however, did not suit the necessities of the Post-Dispatch. The People's Bank as a going concern, backed by the approval of the State banking department and with assets of some three million dollars, would be in a position to exact and enforce heavy damages if it should turn out that the recommendations of the postoffice inspectors could not be sustained at Washington, and if no fraud order was issued. Hence, the urgency of the Post-Dispatch to force from the State authorities an official seizure of the bank which would afford them some color of justification. With Lewis and his counsel, upon the one hand, supported by an influential section of the press, and, upon the other, the Post-Dispatch, to which he was so deeply indebted, the secretary of state felt himself forced to temporize. In the end he sought to shift the responsibility to the Federal authorities, by saying that he could take no action unless a fraud order was issued at Washington. The contest between the officers of the bank and the Post-Dispatch over the action of the secretary of state, was as we shall see, a drawn battle. The utmost point to which Swanger could be driven was a definite promise that, in the event of a fraud order the State department would seize the bank.

A HITCH IN THE "CONCERTED ACTION" PROGRAM.

No one in the light of what followed can reasonably doubt that at this time Fulton and the inspectors associated with him in St. Louis had definitely made up their minds that Lewis must be smashed and put entirely out of business. The Post-Dispatch was bringing to bear its influence in their support. All that seemed lacking to Fulton's policy of "concerted action" to wipe out Lewis and his enterprises, was the whole-hearted co-operation of the secretary of state

and favorable action on the inspectors' recommendations at Washington.

The first hitch in the "concerted action" program was the apparent willingness of the secretary of state to negotiate for an armistice under a flag of truce. For the St. Louis Republic on June 2 indicated that the conference, which had been held between the State authorities and the officers of the bank on June 1 promised to result in its continued operation. Judge Selden P. Spencer was said to have been present as an associate of the secretary of state. Major H. L. Kramer, vice-president of the People's Bank, had accompanied Lewis. It was asserted that the conference had no relations to the investigation and citation of the bank's president by the Federal authorities. The two examinations were said to be entirely independent. The investigation of the banking department, it was said, would doubtless be closed by the agreement on the part of the bank to comply with the directions of the secretary of state. In this case the latter would interpose no bar to the bank's future operations. It would seem, therefore, that at this time the secretary of state could find no grounds for the drastic course of action he afterward adopted. Let us see what pressure was brought to bear upon him to force his hand. The final edition of the Post-Dispatch on June 2 contains the following news item:

After a three hours' conference concluded at 1:45 p. m. Friday, it was announced by the secretary of state that he had accepted three new directors of the bank named by Lewis and these men would probably be elected. Mr. Swanger said: "I have accepted three names among those submitted to me by Mr. Lewis as men who would be satisfactory directors of the People's United States Bank. I can not identify them for the reason that they have not yet notified me of their acceptance, although they have been informed of their selection. As soon as we hear from them, provided they are willing to serve, we will proceed to the Woman's Magazine and hold the formal election.

The State has not receded from any of the demands made of Mr. Lewis. What we regard as the most important thing has been accomplished. That is the installment of a board of directors, a majority of whom possess business qualifications sufficient to assure the safe and sound operation of a bank. These directors will be expected by the department to carry out the requirements heretofore laid down. It will require, probably, two or three weeks to reorganize the bank. The state department will continue to observe its affairs so that the interest of each stockholder will be safely guarded.

The St. Louis World of the same date ran an article under the following headlines: "People's Bank Reorganization Complete: Secretary of State Swanger Withdraws All Objection to the Continuance in Business of the Lewis Financial Institution: Say All Requirements Have Been Met: Assets Are Returned to the Bank: James F. Coyle and Theodore F. Meyer Are the Newly Elected directors." The World states that the above result was arrived at after a final meeting in the Woman's Magazine Building, during which the reorganization was effected. This article is further headed by the famous letter of June 2 from the secretary of state to the

directors of the bank, of which we shall hear much hereafter. Swanger then wrote:

The steps you have taken in the reorganization of the directorate of the People's United States Bank by the election of Theodore F. Meyer and James F. Coyle as members of the board, give me assurance that the directorate of this bank will be composed of men who will be a guarantee for the safe conduct of its business and who are satisfactory to this department. Your agreement to conform with all the requirements of the department justifies me in withdrawing any objection to the bank's operation at this time and I am glad to say that the bank is now in operation for the conduct of all its business, and that I have full confidence that the suggestions of the department will be fully complied with.

There was some appearance here that the structure of the bank would be saved. But Swanger did not yet realize how far the attack had gone, nor the lengths to which the opponents of the bank were prepared to go. For the moment, all seemed well. Three of the members of the old board of directors were said to have submitted their resignations. Two successors, Messrs. Coyle and Meyer, had been elected. Messrs. Lewis and Cabot held over. The four directors were to elect a fifth. They had agreed upon Jackson Johnson, president of the Roberts-Johnson & Rand Shoe Company, who had the acceptance of the office under consideration. The same journal contains the following editorial entitled "Banks and Yellow Journalism":

Partly as a result of the rivalry between two evening papers, St. Louis just now is experiencing a miniature banking sensation.

Whatever may be the merits or demerits of the People's United States Bank scheme, Mr. Lewis' institution would have received little more than passing mention had not the report become current that he was negotiating for the purchase of the St. Louis Star and intended to spend considerable money with a view to placing it ahead of the Post-Dispatch as a leading evening paper. When this rumor reached the ears of the gentlemen in control of the Post-Dispatch, they forthwith proceeded to do everything in their power to discredit Mr. Lewis and all his enterprises. That they have in part succeeded in their design is obvious.

The fact that the Post-Dispatch has seen fit to relegate the news of the Spanish war to its market page while it fills its first page and four or five other pages with a highly colored account of the Lewis bank and its developments, tells its own story. It shows that, irrespective of the news value of the item, the Post-Dispatch is determined, if possible, to create a financial furore that will wreck the People's United States Bank and put E. G. Lewis in a position where he will hardly be able to negotiate for the purchase of a rival evening newspaper.

Further evidence of the enmity of the Post-Dispatch is found in the manner in which the news of the adjustment of the bank's affairs above narrated was handled in their June 3 issue. The first column of page one is headed as follows:

Sues Lewis Company for Guessing Contest Prize: M. Logan Guthrie of Fulton, Claims to Have Correctly Estimated World's Fair Attendance: Asks \$30,500 and Injunction: Indictments Against Officers Quashed: Secretary of State Swanger Says That All Conditions He Named Will Be Met: Directors Promise to Carry Out His Instructions.

The casual reader would be left in doubt by the above headlines as to whether the officers of the bank had been indicted or whether

the approval of the secretary of state was predicated of the guessing contest. The circumstances of this suit and these indictments have been already narrated in connection with the World's Fair Contest Company. The Guthrie suit (a controversy over one of the prizes), chanced to occur at this moment. It was thus given a leading position in the Post-Dispatch wholly disproportionate to its news value. The indictments voted by the St. Louis grand jury in the previous December on a charge of setting up and maintaining a lottery, were then "played up" for nearly half a column. Next in order came a sharp jab at the bank headed, "Johnson Says He Probably Will Not Serve As Director." The story opens thus:

Jackson Johnson of the Roberts, Johnson & Rand Shoe Company, last night elected a director of the Lewis Bank, today said to a Post-Dispatch reporter: "I have reached a decision that I will probably not become a director of the bank." He said further: "I do not understand what authority any one had for mixing my name up with the People's United States Bank. I am not a stockholder in it, never was a stockholder in it and had no interest in it whatever. I positively will not have anything to do with the concern."

Then came the real news of the day, namely, the reorganization of the bank. Last of all was tucked away the letter of the secretary of state expressing his approval, together with an interview with Mr. Swanger at Jefferson City, containing, hidden at its very end, the following significant statement:

The bank's statement shows certified checks for more than a million dollars, greatly exceeding the deposits and proving that it is completely solvent.

The Post-Dispatch, in other words, deliberately gave priority to the suit of the World's Fair Contest Company. The indictments which had been dismissed many months previously as not being based on any law, were dragged in by the ears. The news of the adjustment of the bank's affairs to the satisfaction of the state authorities was wholly subordinated. A reporter was then dispatched hot foot to Jefferson City to demand of Secretary Swanger an explanation for his leniency.

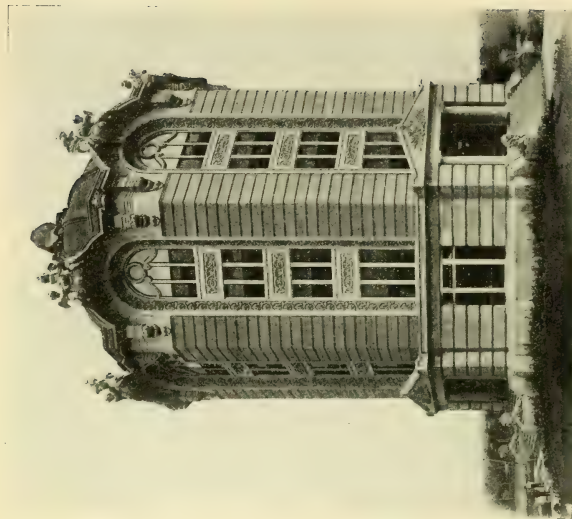
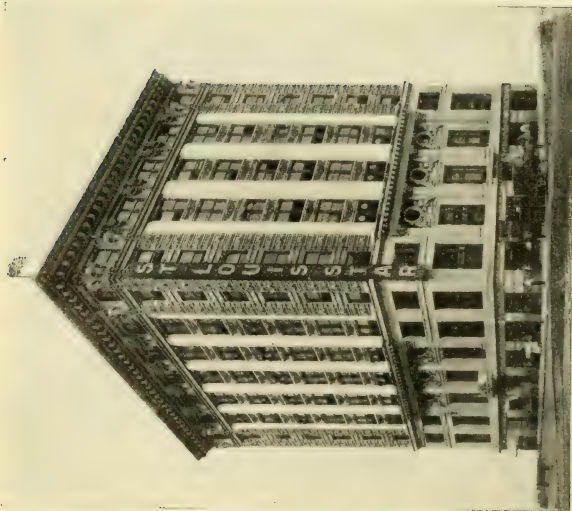
FORCING SWANGER'S HAND.

Meantime Lewis himself had not been idle. To offset in some slight degree the damaging effect of the inflammatory hot shot of publicity which the bank had sustained, he reprinted the June 2 letter of the secretary of state, giving the bank a clean bill of health, in the course of an advertisement in the St. Louis daily papers. The effect of this upon the Post-Dispatch was similar to that of waving a red rag before a bull. The odds and ends of Betts' copy of the inspectors' report, left over from previous issues were hurriedly gathered together and "played up" as injurious news items. Reporters were rushed hither and thither to interview persons formerly connected with Lewis and offer them a chance to repudiate him. The secretary of state, the United States Attorney, and the postoffice inspectors were all interviewed, as to the prospects of further official action. The guns of publicity were double shot with the ammu-



¹First Press Room, erected in 1903, shown in relation to the Woman's Magazine Building

²Same building remodeled in the year 1909. The upper story was added while the presses upon the lower floor were engaged in printing the Woman's Magazine



Two of the three great plants formerly controlled by Lewis as publisher
 1St. Louis Star Building 2Woman's Magazine Building

nition thus amassed and broadside after broadside was poured through the columns of the Post-Dispatch upon the devoted institution. A complete account of this campaign of vilification would greatly exceed the limits of this chapter. The following extracts will give some faint notion of its scope and virulence. A front page column article in the Tuesday evening, June 6, edition is headed "Swanger Letter is Used by Lewis as Advertisement." After calling attention to Lewis' statement, it proceeds:

A telegram from Jefferson City to the Post-Dispatch Tuesday stated that Secretary Swanger had completed another letter to Lewis, but did not make public its contents. It was also said that Secretary Swanger and Bank-Examiner Cook would leave Jefferson City Tuesday afternoon for St. Louis to present this letter in person.

It is understood to make the same demands as were made in the now famous letter of the secretary of state of May 19, which was not under seal, and which Lewis contended was therefore not official. The letter which Secretary Swanger brings to St. Louis Tuesday night, is under the official seal of the secretary of state. It is understood to be couched in such terms that there can be no further misunderstanding. The investigation instituted by postoffice inspectors in St. Louis will be resumed June 16, the date set for the hearing at Washington on the recommendation of St. Louis inspectors that a fraud order be issued to stop the People's United States Bank from using the mails.

The front page of the Post-Dispatch of Wednesday evening, June 7, carried a news item, the purport of which is conveyed in the following headings: "Dyer Has Report of Investigation of Lewis Bank: Postal Inspectors Furnish Federal District Attorney Their Findings in Two and a Half Million Dollar Mail Order Institution, as Published in Post-Dispatch: They Suggest Laying It Before Federal Grand Jury: Pending Review of the Papers, Col. Dyer Has Not Decided What Course to Pursue."

The day following, the other St. Louis newspapers still remaining silent, the Post-Dispatch published the cartoon shown elsewhere, showing the face of the secretary of state surrounded by a question mark containing the lettering "What Is He Going To Do About the Lewis Bank?" Upon either side, under the caption "Swanger's Demands Now Twenty Days Old," occurs the following summary of what it was alleged Lewis had to do:

Make good advertised promises. Allot stock in order of receipt of subscriptions regardless of whether proxies are given Lewis. Select board of directors approved by secretary of state. Take up loans of bank with officers and directors and concerns they are in. Dispose of stock bought with bank funds and keep bank officers' stock dealings separate from bank's business. Stop overdrafts by Lewis Development and Investment Company on cash account. Furnish the State names and addresses of all stockholders and amount of stock held by each.

Three-fourths of a column was devoted to a news item entitled "Most of Loans of Lewis' Bank Were to Lewis." Swanger is quoted to the effect, in substance, that at a conference with the directors the preceding evening an agreement had been reached to appoint additional members of the board, and that he would remain in town until the directorate was completed to his satisfaction. The follow-

ing statement, attributed to the secretary of state, must have been peculiarly gratifying to the management of the Post-Dispatch. This loan was a portion of the purchase price of the St. Louis Star:

Frank J. Carlisle made arrangements early last week to borrow over sixty thousand dollars from the bank. This fact we learned after he had received about twenty thousand dollars of the money. There was still remaining over forty thousand dollars of this loan in the bank. We stopped this money going out and insisted on the return of the twenty thousand. All the money was returned. No, I can't say anything about the security for this loan.

An interview with the secretary of state published on Friday evening, June 9, under the heading "Men Asked Won't Serve as Lewis Bank Directors" clearly shows his attitude of indecision. The following statement is attributed to Swanger:

Difficulty is being experienced by the present directors in inducing the bankers or business men wanted, to serve on the board. * * * It seems to be the opinion of some persons that I am proceeding too slowly in this matter, but it should be remembered that this is a serious question. It can not be considered in a day. I do not want it to be said, even if I should finally be compelled to take vigorous action, that I have taken snap judgment on the bank or Mr. Lewis. After this board of directors is complete my bank-examiner, Mr. Cook, will make an examination of every detail of the bank's business. We will then be in possession of all facts and will make our positive demands.

REORGANIZED DIRECTORATE.

A new phase was placed upon the matter when the Post-Dispatch on Sunday, June 11, published an interview with one of the newly elected directors, James F. Coyle, to the effect that the secretary of state had withdrawn every vital objection to the operation of the bank. Coyle stated specifically that within the last day or two Swanger had become convinced that the loans to the Lewis enterprises were protected by gilt-edged securities and would not be disturbed. A reporter was immediately dispatched to Jefferson City. A column interview with the secretary of state was secured and published on June 12, 1905, purporting to repudiate Coyle's understanding. This alleged interview notes the progress then made as follows:

Two new directors remain to be chosen, but still that is a matter which, of course, concerns the stockholders. The question of approving the directors rests with me. That is to say, I am exercising that privilege in the present case. * * * Since the election of Messrs. Coyle and Meyer, changes are being made to comply with our requirements. Stock certificates are being issued to those who subscribed for stock. A record of them is being kept on the bank books. The capital stock of the bank has now been paid in full.

Despite the utmost exertions of the Post-Dispatch the campaign now seemed about to go decisively against them.

The Tuesday evening issue of June 13, made the first announcement of the final reorganization of the board of directors of the bank with the approval of the secretary of state. The headlines were, "Lon V. Stephens, Director of Lewis Bank: Former Governor and Attorney W. F. Carter Named and Approved to Complete Board by

Secretary of State Swanger: Stephens Interested in Other Lewis Concerns: Announcement that Investigation Directed by Bank-Examiner Cook Will Begin At Once: Postal Hearing This Week." At the head of this article, under the caption, "How Lewis Used Stephens' Letter as Bank Advertisement," the letter of Governor Stephens published in "Banking by Mail" was reprinted. The article proceeds, in an evident attempt to discredit the new appointees, as follows:

Former Governor Stephens was one of the judges in Lewis' World's Fair Guessing Contest. This resulted in indictments against the operators, although the indictments were later quashed on a technicality. Stephens has also been interested in Lewis' publishing enterprises. He is third vice-president of the Missouri-Lincoln Trust Company. W. F. Carter is a director in the same concern.

A conference was held Monday night between President E. G. Lewis, Coyle, Meyer, Cabot, Carter, Judge Shepard Barclay and former Governor Stephens at the Woman's Magazine Building and this continued several hours. Lewis and Coyle remained with the secretary of state after the others had departed, for the purpose of preparing an answer to a letter from Postoffice Inspector Fulton, who asked a number of questions regarding the bank's condition.

We here catch a further glimpse of Fulton still tenaciously pursuing the policy of "concerted action." The utmost pressure of the State authorities having been withstood by the bank, the power of the Federal Government was now about to be definitely invoked.

The St. Louis Daily News commenting editorially on the appointment of Governor Stephens reflected unprejudiced public opinion in St. Louis, as follows:

Lon V. Stephens, formerly governor of Missouri, is one of those men who are not influenced for or against a man or a movement because of praise or of condemnation. When the business world looked very dark for E. G. Lewis, Governor Stephens came forward to aid him in meeting his burdens. * * * With the name of Lon V. Stephens on his directorate, Lewis can do what he has advertised to do. It is well that all men are not afraid of rumor.

A superficial impression of the posture of affairs at this juncture may be had from the following editorial in the issue of June 13 of Wetmore's Weekly, a local publication in St. Louis of no particular influence, but edited by a former newspaper man and fed from the gossip of the streets:

On the morning of May 31 this was the situation: The Post-Dispatch, acting for itself and other interests, had secured copies of the reports made by the postoffice inspectors and the State bank-examiner. They had caused these to be put in type, ready to be used at the opportune moment. The secretary of state for Missouri had been summoned on the scene and was supposed to be ready to use the mailed hand and close up the affairs of the bank that had become so obnoxious to "vested interests." Frank J. Carlisle stood ready to march over to the Star office and take with him the best talent on the Chronicle. Nathan Frank, who controlled the majority of stock in the Star, stood ready to "deliver the goods."

As the morning hours lengthened the Post-Dispatch forces learned that the dreaded Lewis would be in the daily publishing business before night-fall, unless they headed him off. A hurried council was called. It was de-

cided to at once "spring the story," and demand that Secretary of State Swanger act forthwith, to wind up the affairs of the People's Bank. Right here is a little chapter that is shady and which will probably be cleared up in the courts. It is said that Lewis, as president of the bank, and authorized thereto by the board of directors, had given Mr. Carlisle a check for part of the loan on Star stock which had been put up as collateral. This check was either paid over to Nathan Frank or was about to be paid. During the momentous morning, some person unfriendly to Lewis carried word to the bank on which the check was drawn, to the effect that the secretary of state had taken possession of the People's Bank and that it would be unwise and probably illegal to honor the paper. The bankers who were so informed acted on the advice. The check was dishonored. The deal for the Star "fell through." Why that "paper" was dishonored is going to be another story.

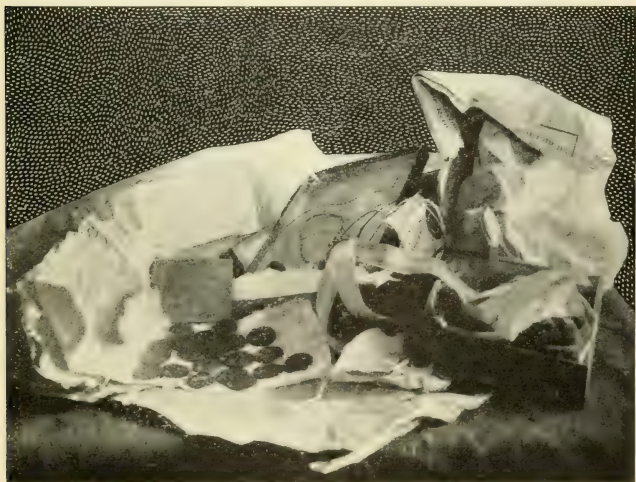
At 2 o'clock that afternoon the Post-Dispatch printed a broadside "roast" of the People's Mail Order Bank and President E. G. Lewis. It published verbatim copies of reports made by Federal inspectors to the Washington office, which reports are supposed to be secret until brought to public notice in a public trial. It also published a letter signed by Secretary of State Swanger, in which several ultimatums were served on the banker-publisher. Later editions told that the secretary of state was in charge of the property and the general impression was given that the People's Bank had been placed in the hands of a receiver and that the brilliant career of E. G. Lewis had been brought to an end. "We did this in the nick of time," they shouted. "Another day and Lewis would have been in the daily newspaper business. Then he could have charged us with jealousy. He could have replied 'a la Lawson' with page advertisements and many people would have believed them. But now he is dead. He is a 'has been.' There is no longer fear of a powerful rival in the newspaper field."

The men now associated with Lewis on the directorate of the People's Bank were all well-known business men and bankers of St. Louis. They could out-vote Lewis four to one. Hence there could be no question but that they were in full control. Any further attack upon the bank meant an attack upon these individuals. Popular interest now centred in them and they became the target of the newspaper interviewers. The statements given to the press by ex-Governor Stephens and Attorney W. F. Carter will serve to show the motives with which these men took charge of the People's Bank and to make clear their policies and purposes at the time. The Post-Dispatch of June 15, under the caption "Stephens Talks of Lewis' Bank," published this statement:

I have been criticized in some quarters for accepting a directorship on the board of directors of the People's United States Bank, while in many more quarters I have been congratulated and thanked for accepting this position. I have done so with a desire simply to help save the value of property which Mr. Lewis has built up, and be of service to the one hundred thousand or more persons who have subscribed for stock to this bank.

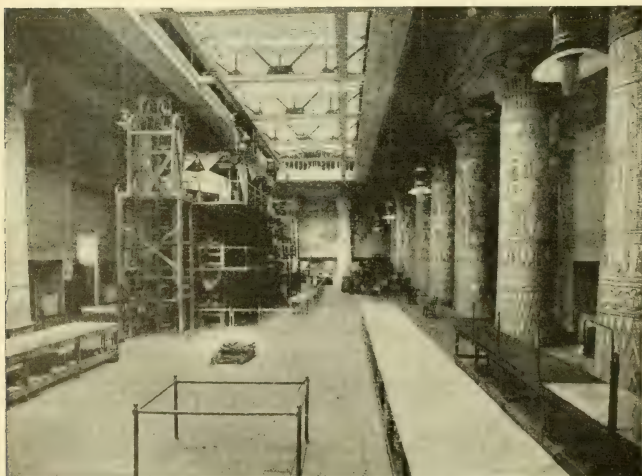
* * * Mr. Lewis has assured me that he is willing to be governed by the recommendations of the board and that he will meet our wishes at every point. We could ask nothing more than this, nor could he promise more.

It seems to me that in bringing to St. Louis, as Mr. Lewis has done, millions of dollars of investments and in helping to develop this great Southwestern territory, he is entitled to the good-will of our people and our co-operation in his every honorable movement to promote our best interests. Mr. Lewis is not a practical banker. He has incurred expenses in



¹Temporary banking room of the Peoples' United States Bank in the banquet hall on the fifth floor of the Woman's Magazine Building

²Express shipment of \$400.00 in gold coin, wrapped in a flannel shirt and old newspapers and tied with a pair of suspenders. Received for deposit by the Peoples' United States Bank



Views taken on the Woman's National Daily Building, originally designed by Mr. Lewis for the Peoples United States Bank, and modeled after an Egyptian temple. The artist, Ralph Chesley Ott, was sent to Egypt to copy the ancient decorations. Mr. Lewis' "Sanctum" is modeled closely after the queen's room of the temple:

¹Mr. Lewis' editorial sanctum in the north pylon ²Hypostyle hall, interior main floor

promoting the bank, has shown more or less extravagance in its conduct, and has made loans which perhaps he should not have made. But I find no evidence of dishonesty on his part. I believe he has organized an institution in our midst which in course of time, if conservatively and economically managed, will prove helpful to the city, to our people, and may prove a good investment to the stockholders.

Mr. Lewis had only about two hundred and fifty thousand dollars of deposits. He has over one million dollars of cash on hand. The deposits therefore could be paid in full within a few moments.

The Globe-Democrat of Thursday morning, June 15, prints the following interview attributed to Attorney W. F. Carter:

Regarding the loans to other enterprises with which Mr. Lewis is associated, we found one of \$436,000 to the University Heights Realty and Development Company, and one of \$390,000 to the Lewis Publishing Company. Both of these loans, however, are secured by first deeds of trust upon the property of the two companies, the value of which is undoubtedly greater than the amount of the loans. As to the item of \$146,000 promotion expenses, we found this represented by Mr. Lewis' note which also bears the signature of four other well-known and responsible parties. Furthermore, the note is secured by ample collateral. Secretary of State Swanger has told us that certain items of expense were permissible. We will settle the whole matter as soon as Mr. Lewis returns from Washington. You may state that Mr. Lon V. Stephens and I have personally gone over the assets of the bank. We find it solvent and all its loans amply secured.

The St. Louis Republic of the same date says:

Former Governor Lon V. Stephens and Attorney W. F. Carter, recently elected directors of the People's United States Bank, after going over the affairs of the institution declared, last night, that the condition of the bank is satisfactory. State Bank-Examiner R. M. Cook immediately after the investigation departed for Jefferson City. He said that nothing could be done until it was learned what action the Federal authorities would take.

Both publications draw attention to the fact that Mr. Lewis, accompanied by attorneys, Gen. George H. Shields and Judge Shepard Barclay, left St. Louis at noon on Wednesday, June 14, to attend the hearing at Washington upon the citation to show cause why a fraud order should not be issued. Postoffice Inspector-in-Charge Robert Fulton, accompanied by Inspectors J. L. Stice and W. T. Sullivan, were also said to have departed upon the same mission. The centre of interest as to the bank affairs was thus shifted to Washington, whither the officers of the bank and their counsel had gone to fight the decisive battle. The battle ground was to be the office of Assistant Attorney-General R. P. Goodwin. Here the inspectors were lining up with Inspector-in-Charge Fulton at their head. Here was Goodwin nominally to act as umpire, but with what lack of judicial fitness will be seen when it is stated that his own assistant, E. W. Lawrence, was scheduled to appear in behalf of the Government as the captain-general of the prosecuting forces.

On the arrival of Lewis and his party at Washington the correspondents of the St. Louis dailies and the Associated Press, needless to say, were on the ground eager to get the story of the hearing. But after Lewis at the head of his little band of friends and allies

had filed into Goodwin's room, the doors were closed. The public and representatives of the press were excluded. The total inability of the newspaper men to obtain information about the hearing proves that if Betts had not obtained the copy of the inspectors' report from Sullivan, the nature of the charges against Lewis, or even the existence of such charges, would not have become known until some six weeks later than they did. Great injury to Lewis and the bank would have been spared. It is possible that without the powerful influence of the Post-Dispatch backed by Joseph Pulitzer and the New York World, to afford them moral support, the authorities at Washington might have hesitated to take a course so drastic. The fraud order itself might have been withheld.

The following events culled from the news items of that time trace briefly the sequence of events at Washington. The Post-Dispatch of Friday evening, June 16, under the title "Hearing Begun on Lewis Bank Fraud Order," published a short news item as follows:

Hearing on the report of postoffice inspectors, recommending issuance of fraud order against the People's United States Bank of St. Louis, was begun at 10 a. m. today before Assistant Attorney-General Goodwin in his private office. Besides President Lewis of the bank, H. L. Kramer, vice-president, accompanied by Congressman Landis of Indiana, F. J. Cabot, secretary, and Judge Shepard Barclay and Gen. George H. Shields, attorneys, appeared for the bank. The hearing is in secret. Congressman Landis is the only outsider present.

Before the beginning of the hearing this morning Lewis refused to make a statement of his defense, saying "I think I have had publicity enough. I must refuse to discuss my defense, but at a later date I will make a statement over my own signature." Judge Barclay said the only defense he would discuss was as to the charge that Lewis had received salary as president of the bank. He said Lewis did not draw a cent of money. "We have vouchers," he said, "to show that the money claimed to have been paid Lewis as salary was paid to employees." The hearing will be completed Saturday.

Next day, Saturday, June 17, the Post-Dispatch published a front page column article entitled "Lewis Fraud Order Under Advisement." This read in part as follows:

The hearing in the case of the People's United States Bank of St. Louis was closed at 1 o'clock Saturday afternoon by the arguments of General Shields, attorney for the defense. Assistant Attorney-General Goodwin has taken the case under advisement. All possible avenues to the escape of information to the hearing have been closed by Goodwin's strict instructions.

The remainder of this story contains speculations so wide of the mark as to prove that there was no actual "leak" of information. The same news item under the caption, "Letter from Swanger" contained the following significant paragraph:

Acting Postmaster-General Hitchcock admits that a letter from Secretary of State Swanger from Missouri was delivered to postoffice officials one day this week by a St. Louisan, but refuses to give the name of the bearer. Hitchcock says the letter only inquired regarding the hearing now in progress, and contained no statements or recommendations on the part of Swanger. Hitchcock refuses, however, to give the contents of the letter.

Judge Selden P. Spencer (appointed receiver of the bank by recommendation of Swanger a few weeks later under circumstances which will appear), acknowledges having been the bearer of a communication from the State authorities of Missouri to the Federal authorities at Washington. This may have been the letter above referred to. What verbal messages or representations were conveyed by the St. Louisan in question are not of record. We know that Swanger, after repeated conferences with Fulton, and under the urging of the Post-Dispatch, had publicly announced at St. Louis that if a fraud order was issued by the postal authorities he would throw the bank into the hands of a receiver. If, therefore, Spencer, a prominent Republican politician, the intimate friend and associate of Swanger, was the accredited messenger who appeared at Washington, upon the eve of the hearing with a letter of inquiry from the State authorities of Missouri to the Federal authorities at Washington, the theory "concerted action" is immeasurably strengthened.

Wetmore's Weekly of June 27, 1905, with the cheerful audacity of an irresponsible local publication, summarizes the situation and makes the assertion, "upon the authority of a Washington correspondent" that "a damnable outrage has been perpetrated in this matter and circumstantial evidence includes Federal officials in the conspiracy—a conspiracy to wreck a bank." This article proceeds:

Government inspectors were sent to St. Louis and began work on Lewis' books. State banking examiners did likewise. The Post-Dispatch, elected as a medium for influencing public opinion, cleared its decks for action. Right here is where the dirtiest work of all was done. The report of the Federal officials, supposed to be of a confidential nature and meant only for the eyes of the Department chiefs in Washington, was given to the Post-Dispatch in full. That newspaper published to the world this one-sided testimony, which alleged fraud of the rankest kind, without giving Mr. Lewis a chance to reply. The blow was a terrific one. A similar attack on any downtown bank in St. Louis would have caused a panic and a suspension of business, probably a failure. * * * Those who had Mr. Lewis' undoing at heart were certain that the onslaught would overwhelm him. They had even agreed on a receiver to take charge of his University Heights property, another to take charge of the Woman's Magazine, and had even planned what to do with the magnificent Woman's Magazine Building. There is a man walking the streets of St. Louis today who, a month ago, pictured himself sitting in Lewis' chair and transacting the business of the several corporations at Lewis' handsome desk.

After commenting upon the fact that the inspectors' reports, which had been given in full to the Post-Dispatch, were not disclosed during the hearing at Washington, the editorial continues:

Why does not some daily newspaper take up the case and paint it in all of its black colors? You can imagine the pages of "red hot stuff" which would be published were a similar attack made on the National Bank of Commerce, or any downtown institution. I'll tell you why the daily papers are silent (except when they can aid in the opposite direction); they still fear that Lewis will start a real live newspaper in this city and punch holes in their bank accounts.

The storm of publicity which had beaten fiercely upon the devoted bank during the first three weeks of June, now seemed to have passed away. The skies were clear once more, except for the cloud of uncertainty still lowering upon the horizon over toward Washington. Certain mutterings as of distant thunder there were, in the form of rumors of activity upon the part of the State and Federal authorities and of certain influential politicians and spoilsmen, which gave presage of yet another storm. The friends of the bank, however, were of opinion that the tempest was over. At the worst they felt that the reorganized directorate would afford an adequate shelter. They believed that any further bad weather the bank might experience, would soon blow over. The charges upon which the citation was issued were thought to have been adequately defended. Upon the whole there seemed to be no present occasion for anxiety as to the bank's affairs.

THE ATTORNEY-GENERAL'S OPINION.

The first lightning flashes from the clouds at Washington took the form of press dispatches on the evening of July 8 to the effect that the attorney-general's office had filed with the postmaster-general a report that a fraud order against the People's United States Bank and E. G. Lewis, if issued, would have the sanction of legality. The St. Louis Chronicle of that date carried a brief news item dated by Scripps-McRae Press Association, Washington, July 8, to that effect. This was forked lightning, with a vengeance. But it was not yet ready to strike.

The Globe-Democrat next morning in a column article headed "Cortelyou Gets Legal Opinion in the E. G. Lewis Case" clearly foreshadowed the event. The lightning was coming nearer. The article ran:

Signs indicate tonight that a fraud order will be issued by the postmaster-general denying the use of the mails to the People's United States Bank of St. Louis, of which E. G. Lewis is president. The only man who can say positively whether or not it is to be put under the ban is Postmaster-General Cortelyou. Mr. Cortelyou, at midnight, after waiting for hours for reply from St. Louis to a telegram sent during the afternoon, said he could as yet say nothing. He promised a full statement of the case by Monday, if not tomorrow. But what that will be no one but himself knows tonight. Possibly, he does not know himself, unless he has heard from St. Louis. The fact that the opinion of the attorney-general's office had been adverse to the bank was confirmed by Mr. Hoyt, acting attorney-general in the absence of Mr. Moody. He would, however, make no further comments.

Assistant Postmaster Henry Wyman and Postoffice Inspector Fulton met Secretary of State Swanger at the Southern Hotel last night. Mr. Fulton and Mr. Swanger were closeted for some time. Mr. Wyman declared he had received no information from the Postoffice Department at Washington with regard to the Lewis bank. It is said that in case a fraud order is issued refusing delivery through the mails of letters to the People's Bank, Lewis will at once apply to the Federal court for an injunction.

The Post-Dispatch of the same date publishes a front page news item of similar purport containing these significant comments:

R. P. Goodwin, assistant attorney-general for the Postoffice Depart-

ment, decided that there was basis for issuing the order, but upon advice from superiors, submitted the case to Assistant Attorney-General Hoyt of the Department of Justice, who said that it was within the legal rights of the Postoffice Department to cause the order to be issued. Hoyt did not go into the merits of the case, simply giving an abstract opinion. This was all he was asked for. Postmaster-General Cortelyou has communicated with the postmaster at St. Louis and R. M. Fulton, postoffice inspector-in-charge. He is now waiting their reply before he gives out his statement.

Under the caption, "Lewis Had No News From Washington," occurred the following:

E. G. Lewis, president of the People's United States Bank, when seen at the Woman's Magazine Building yesterday, declared he knew nothing whatever of any action against the bank by the postal authorities at Washington. "Secretary of State Swanger was not at the building at any time during the day," Lewis said. "Bank-Examiner R. M. Cook was here; but his visit seemed to be merely a friendly call. In an incidental way he asked me whether I had heard anything from Washington. I answered no."

"Did he say anything during his visit about taking charge of the bank?" was asked. "Not on your life," answered Lewis. "When did you hear from Washington last in any regard?" was asked. "I have not heard a word since I left there, about the middle of June, after answering the citation to show cause why a fraud order should not be issued."

Under the caption, "Swanger Awaits Official Notice," the following statement was made:

The secretary of state, asked concerning the matter, replied that he had received no official information from Washington and had not been advised of the action by anybody in Jefferson City. He said that he was without a hint of the alleged action when he left Jefferson City the previous night. "In case I find that the information is authoritative," he said, "there is but one thing for me to do. I will take charge of the bank and close it. Since this is a mail bank, its being denied the use of the mails would compel it to stop business. I can not say just what action I shall take other than to say I shall assume charge of the bank."

Such, then, was the strained position of affairs on the evening of Saturday, July 8, 1905, pending the memorable Sunday which the evidence discloses to have been a day of plot and counterplot. On Monday morning, July 10, the long threatened "concerted action" was finally had. The fraud order which had actually been signed the preceding Thursday, then arrived in St. Louis by mail and became effective. The Federal authorities impounded the bank's incoming mail. The State authorities at the same moment seized the bank itself and threw it into the hands of a receiver.

We must now suspend for the moment the further reconstruction of those exciting days, as depicted in the columns of the local press. We must postpone the portrayal of the cyclone of publicity which struck the bank upon the notice of the fraud order, as given to the press through the medium of the postmaster-general's celebrated memorandum of July 9. For at this point it becomes necessary to retrace our steps and develop the true story of the fraud order itself from documentary sources not at that time available to the public. The next chapters will therefore undertake to set forth the circumstances under which the famous fraud order was actually considered, passed upon, and enacted.

CHAPTER XVI.

IS ROOSEVELT RESPONSIBLE?

NICHOLS, THE INFORMER—NICHOLS' LETTER TO LOEB—REEDY'S FIRST ARTICLE—"THE PRESIDENT DIRECTS ME"—ENTER POSTMASTER-GENERAL WYNNE—THE INVESTIGATION IS ORDERED—SECOND ARTICLE IN THE MIRROR—THE EVE OF THE INQUIRY.

Did a letter by Howard Nichols cause President Roosevelt to order an investigation of the People's United States Bank? The supposition would seem to be unthinkable. Yet the inspectors attempt to draw about them the mantle of presidential authority. They seek to shift upon Roosevelt's broad shoulders the onus of the ruin which followed from their own acts. Their contention rests on slender foundation, if, indeed, it is not wholly disingenuous.

Roosevelt never shirked the consequences of an investigation which he desired. He fathered Bristow's examination of the postoffice after face-to-face conference with William Allen White and other reputable men. Can he be compelled to adopt, at this late day, the illegitimate offspring of Howard Nichols, the informer? Hardly, while Roosevelt is his usual aggressive and vigorous self! For nothing now fastens the burden of this affair upon Roosevelt personally, unless it be the conventional phrase, "the President directs me," used in a letter of transmittal by his secretary. This inquiry was repeatedly brought to his attention; but there is nothing to show that he took any special interest in it, much less that it was instigated by his personal command. He appears, indeed, to have consistently maintained the attitude that the Lewis case was none of his affair, but Cortelyou's.

NICHOLS, THE INFORMER.

The records in the office of the postoffice inspectors at St. Louis show sundry complaints against Lewis' enterprises. Such is the case with all large mail order firms. But there does not appear to have been among these, prior to February, 1905, anything to justify the drastic investigation which was then undertaken. The jackets or dockets in which these cases were made up, were only in the nature of fuses as yet unconnected with the powerful explosives that shattered the People's Bank. The cause of the explosion which later opened the first breach in the defenses of University City, was a firebrand thrown by the hand of Howard Nichols. Let us see whether the nature of Nichols' information was such that a President of the United States, particularly Theodore Roosevelt, would be likely to

dignify it by deliberately making it the occasion of an exhaustive departmental inquiry.

Nichols, as we have said, having been associated with Lewis as secretary and treasurer of the Mail Order Publishing Company, had been bought out by Lewis and dismissed. He then went into the hair dye trade at St. Louis. Lewis, at the close of the year 1904, after the World's Fair, was at the high tide of his fortunes. On Christmas Eve of that year, Nichols, the dismissed treasurer, was making hair dye in a cellar. He was in straightened circumstances. He himself has said:

I began to lose my health. The more I thought of the way Lewis had treated me, the more bitter I became. The night before Christmas, 1904, I went home with twenty-five cents in my pocket. I crept up the stairs, hoping nobody would hear me coming in that late at night. But my wife and mother were in the hall. They had a sheet thrown over a Morris chair. They had been doing the washing for three or four months, and had paid for this chair, sixteen dollars, which they had saved while they were doing the washing of the clothes—that is, the laundry. I hadn't brought a thing home for Christmas, because I did not have but twenty-five cents, and I didn't figure on spending any of that even for candy for the children.

I wrote the letter to Mr. Loeb, secretary to the President, in relation to Mr. Lewis' enterprises, on February 5, 1905, of my own accord. I was inspired by fear of the consequences if Mr. Lewis ever got into trouble on account of his Development and Investment Company. I had been its secretary. I concluded, when the first article in the *Mirror* came out, that something might be stirred up, and I might be directly concerned. I feared I would be obliged to pay the penalty along with Mr. Lewis if he were convicted of doing wrong. That was the article headed, "How About the People's United States Bank?"

Mr. Reedy's office was across the hall from mine. We usually left the doors open when it was very warm, to allow the circulation of air. From his private office he could see me and I him. I don't remember that Mr. Reedy was ever in my office in his life, or that I was ever in his private office but once or twice. Mr. Reedy knew that Lewis and I had been partners. He used to make remarks about my former partner and how he was getting along. We would meet in the halls. He was generally the one to open up on Lewis.

Mr. Reedy met me one morning in the hall—I am not positive about the time—and remarked,—voluntarily, as I remember it, because he gave me some new slang that I did not understand,—“I was out with your partner in his new electric car. It is right easy.” I said: “Is that so?” “Yes,” he replied, “but his whiskey is bad. He treated me to a lot of Hannis whiskey. That is the toughest stuff I ever drank. But his place is the finest I ever saw. Say, do you think he can stand the gaff?” I said: “Yes.” He replied: “I don't.” I said: “Why don't you? What is wrong about it?” He said: “I don't like the looks of things out there. It isn't connected up right. It's going to bust, and a whole lot of things are going to bust with it. I am going to look further.” That is the way he would acquire information from me. I didn't know what “to stand the gaff” might mean.

When asked if he gave Reedy any of the information which appeared in the *Mirror*, Nichols replied: “I cannot swear to that.” Later, he volunteered the following statement: “In fairness to the postoffice people, I wish to say that they, in no way, shape or form,

influenced me to write the letter which apparently started all the trouble." Whereupon, ensued the following colloquy:

THE CHAIRMAN: Mr. Nichols, is it not true that it was not so much that you wanted to ease your conscience as it was envy and jealousy of Mr. Lewis, who was then prospering, while you were on your "uppers," that prompted you to write this letter?

MR. NICHOLS: I was mortally afraid of those steel bars.

THE CHAIRMAN: Answer my question.

MR. NICHOLS: No, sir. I do not believe I have ever envied Mr. Lewis. I do not believe you will find anybody—

THE CHAIRMAN: Why, you said that on a certain Christmas Eve, you had only twenty-five cents in your pocket. You had learned that Mr. Lewis had bought a new automobile; and that he was rolling in luxury and wealth, and you did not have means to buy presents for your children. Did you not want this committee to infer that the feelings that overcame you then prompted you to write that letter?

MR. NICHOLS: No; I said I thought I was a fool for not taking his seventy-five dollars a week that he offered me to work for him.

THE CHAIRMAN: And shortly after that you wrote that letter?

MR. NICHOLS: Yes; I believe that letter was written.

NICHOLS' LETTER TO LOEB.

Nichols' shifty and evasive answers were evidently not responsive to the chairman's questions, and the former closed his testimony at this point, leaving upon record the obvious inference that the following communication was penned with malice and in a spirit of revenge:

THE PACIFIC TRADING CO.—INCORPORATED UNDER THE LAWS OF MISSOURI—TOILET SPECIALTIES.—HOWARD E. NICHOLS, PRESIDENT AND TREASURER.

NICHOLS BUILDING,

St. Louis, Mo., February 4, 1905.

Mr. Loeb, Secretary to the President,

Washington, D. C.

Dear Sir: Inclosed please find a clipping from a St. Louis paper which really merits attention, not only from the local authorities, but from the national authorities as well.

Read it over at your leisure, and you will possibly know to what department it ought to be referred.

In support of what I say, will remark that although this clipping seems to be couched in a rather uncouth manner, yet in the main it is pretty nearly perfect in detail.

There is a deep, well-laid plan here to get a lot of people to buy stock in several enterprises, then in deposits in this bank(?) get their own money back—maybe.

The inside of the thing is very well known to myself, but I am too small a fish in the financial game to even cause a ripple, so have had sense enough to mind my own business and keep still.

Now, that the case seems to have excited comment on the outside though, I can add my say-so, no matter whether it does any good or not.

In order to carry any point in the exploitation of the several schemes—the promoters do not spare money—large sums are paid for seemingly trivial things, and when it comes to advertising, money is laid out lavishly.

Think of a magazine selling at ten cents a year, advertising for subscriptions, and spending an average of fifty or sixty cents each to get a ten-cent subscriber.

While there is a price of six dollars a line quoted for advertising in the same sheet, yet, the advertising agencies quote the same space in some



Group of bankers and business men prominently identified with the Legatus enterprise:
 W. F. Carter, director of the Peoples United States Bank and the Lewis Publishing Company; James F. Coyle, director of the Peoples United States Bank, the Lewis Publishing Company and the Peoples Savings Trust Company; Jacob B. Toblin, chairman of the Citizens Trust Company and chairman of the subscription lists of the Woman's Magazine and Women's Farm Journal; director of the Peoples Savings Trust Company and incorporator of the American Woman's League; Edward L. Dickinson, incorporator of the Peoples United States Bank.



Group of prominent St. Louisans, whose names appear in the accompanying narrative

¹August Schlafly, formerly president of the Missouri-Lincoln Trust Company ²Ex-Governor Joseph W. Folk, Governor of Missouri when the Peoples United States Bank was thrown into the hands of receivers ³Hon. Nathan Frank, ex-Congressman, trustee of the Metropolitan Life Insurance Company, and prominent as a real-estate expert and corporation attorney ⁴Ex-Governor David R. Francis, president of the Louisiana Purchase Exposition Company

cases as low as four dollars and seventy-five cents—and they make some profit, too.

We have had repeated requests regarding the United States People's Bank, Fibre Stopper Company, Development and Investment Company, who offered forty per cent dividends last year, and about three or four other things, that are all run by the Woman's Magazine management.

They all seem to have some kind of stock that they can't seem to real-ize on. The most recent thing is that old World's Fair Contest Company. It has really hurt the city of St. Louis, as people write in and say that they will buy from even us if we will send them the goods and let them pay for them when they get them, giving as an excuse that they are out on account of sending money to that company which sold guesses and never heard a thing more from them.

The magazine runs all kinds of mail-order plans of their own in the paper, in the names of their wives, and corporations that they control and pay the bills for.

This clipping speaks of Postmaster Baumhoff, Mr. Dice, the inspector—now dead—and Mr. Wynne, in a manner that connects them with it by inference.

I do know personally that presents of one kind or another have passed between Mr. Baumhoff—in the shape of flowers—and the magazine, know that Mr. Dice's son was hired at a salary of seventy-five dollars per month to take the place of a little girl who used to clip ads and paste them on cards so as to send circulars to all advertisers—the girl got six dollars a week.

I do know that a real fancy inkwell was sent to Superintendent Machem in February of 1902.

I do know that a watch was sent to Mr. Harrison Barrett in 1899, and do know that as late as 1901, any report that was sent from the inspectors' office at St. Louis was read or told verbally before it started for Washington, in regard to the magazine.

I know that a Mr. Travers in the third assistant's office wrote some supposed lessons in shorthand for the shorthand column in the magazine, and that he was paid for that. The same lessons are easily found in any textbook on shorthand that you pick up.

Enormous quantities of papers are mailed, to be sure, yet it takes a thousand thousand to make a million, and then half as many more to make a million and a half; yet, they are now claiming more than that and say that they are all fresh and paid for. There was a time in 1901 when the Postoffice Department sent special inspectors to investigate the subscription files of the Winner (now Woman's) Magazine, and the trouble was to show them that the paper had the number of subscriptions it claimed.

This was done by juggling them through the offices and finally bringing them before cases which they had counted once, but being in a new position, they counted again, so "the subscription list made good;" but they reported adversely on the thing, anyway, so it didn't help out much, and had not Mr. Madden been stopped in his work of cleansing the second-class privileges he would have had the Winner clear out of the mails in a hurry.

Now comes the "bank plan." In theory it is beautiful, but in practice it don't look as if it was going to do much more good than to provide money to help the Woman's Magazine along, the same as all of the other schemes have done, and that thing is a losing proposition and always will be.

We now have an inspector in St. Louis who is strictly business and can not be fooled. It is to be hoped that he will look closer into the thing, for he has about the smoothest and most resourceful gentleman in St. Louis to deal with in that proposition.

I have copies of some of the inspectors' reports at my home. I have an autograph letter, written by Mr. Barrett about the watch, at home. You can find the article written by Mr. Machem, for which the inkwell was

sent, in the May or June issue of the Winner, 1902. The lessons written about shorthand are in a later issue of the paper.

If you think it worth the trouble, and can make a summary of these things, I do not think you will be reprimanded, for calling his, the President's, attention to the matter.

As stated in the clipping, the names of the supposed backers in the several enterprises are well and favorably known; in fact, the best money interests in the city have been drawn in, and yet they cannot get a good look at any of the books when they want to do so.

Mr. Holden was the inspector—from Philadelphia—who counted the subscription list twice and didn't know it, and as confession is good for the soul, will say that the writer is the one who arranged things so that he would do so. But it is a thing I am ashamed of; like hitting a man in the dark.

Was personally connected with the thing until May, 1902, when the Development and Investment Company got so raw that I was afraid that I and the rest of the concern in the Winner would land behind the bars. It was a case of rob Peter to pay Paul, and as I argued a little too much for a clean slate I was gently put out of the concern and must say, in a nice, pleasant manner, put out in a perfectly legal way, and in a supposedly satisfactory arrangement. Later, I found that I was in the fix of Mr. Hayseed who had a good brick, but had signed a receipt for it, and couldn't find grounds to get action on.

This, of course, may be a big bore to you, but I place such information as I have at your agent's disposal, and if it is not worth considering, shall feel that, at least, if something does go wrong, and a lot of people are minus their savings of years, none of the mud will splatter on me, and I shall have done my part in trying to help clear the matter up.

Assuring you of best wishes, I am,

Yours truly,

HOWARD E. NICHOLS,

203 North Tenth street, St. Louis, Mo.

Subscribed and sworn to before me, at St. Louis, Mo., this 28th day of March, 1905.

R. M. FULTON,

Postoffice Inspector-in-Charge.

REEDY'S FIRST ARTICLE.

The article clipped from the Mirror of February 2, 1905, was entitled: "How About the People's United States Bank?" It bore the signature of William Marion Reedy. This was the first public attack upon the bank. It was immediately called to the attention of Secretary Loeb by Nichols; of the postmaster-general by W. C. Taylor of 4411 West Belle Place, St. Louis, and of Inspector-in-Charge Fulton at St. Louis. It thus set in motion the investigation which followed. These facts seem to demand that it be reprinted in its entirety:

HOW ABOUT THE PEOPLE'S UNITED STATES BANK?

By William Marion Reedy.

From various parts of the country the Mirror has received inquiries concerning a People's Mail Bank, recently started here under the laws of the State of Missouri.

The institution is projected by E. G. Lewis, who runs the Woman's Magazine, a ten-cents-a-year mail order publication that claims two million readers. It was this Mr. Lewis who ran the great and widely advertised guessing contest on the World's Fair attendance. H. L. Kramer, who makes a tablet that works while you sleep and runs a big mud bath in Indiana, is also in the scheme. There are some others, known and unknown, dead and living.

There were, on December 3, eighty-five thousand individual subscriptions to the stock. The charter was granted November 14 to the People's United States Bank. The name of the enterprise has been changed several times in the course of its literary development. A great and characteristic feature of this literary development is Mr. Lewis' frequent pledge of his own personal fortune to the bank, and at one time he offered to put up for stock one dollar for every dollar any subscriber might send in. It is but fair to say that the literature presents many proposed arrangements whereby the stockholders and depositors are to be protected, although some of them are rather confused in phraseology. There are numerous apparent contradictions in the different statements of the project, which Mr. Lewis probably can fully harmonize, and, of course, there is a presumption in favor of the bank in its receipt of a charter from the State.

I have looked at a great deal of the concern's literature. It is voluminous, involved. It is printed "con" talk. It reads very much like a get-rich-quick scheme. The literature promises a bank greater than all the banks of Chicago and St. Louis together, offers stock to all and sundry of the two million ten-cents-a-year subscribers to the Woman's Magazine. This is not to be a rich man's bank. It is going to make money "in many ways that no other bank can." I should like to quote a lot of Mr. Lewis' dope, but it is gotten up in such verbose shape that it is practically unintelligible. It resembles the "patter" of fortune-tellers more than anything else of which I can think. It is full of philanthropic palaver. The promoter is full of love for the dear public. It is also a sure winner. He can't lose. He is making more money than he wants. Therefore, he will take the people in—that's what he says.

This bank "should be the most powerful and prosperous bank in the world, and can dictate terms to the great railroads and corporations who must sell their bonds. Some very kind friends, men of wealth, who are joining me hand in hand in the labor of creating our great bank, have offered to help me help you secure more of the stock than you could pay for at one time. They receive no interest or profit for doing this, but are placing at my disposal a vast sum of money in order to help each of thousands of you at least a little." Now, if the sentences just quoted are not the very essence of the "bull con" and "the green goods game," I must have put in ten or fifteen years as criminal reporter for no profit of mine whatever.

Here's more of the patter:

"If you wish to increase your subscription, fill in the inclosed blank, telling me how much more of the stock you wish to secure and just how you can pay for it up to December 1, and I will advance the money to hold it for you. You must pledge me that you are not speculating in the stock, but that you want this increase for yourself or family. I cannot ask my friends to advance this money longer than December 1, and you must act promptly, as the books will be closed and the charter granted in a very short time now, and never in your life again will you have the opportunity that is now open to you. A year from now the possessor of five hundred dollars of the stock of this bank will be practically independent. It is a security that you can borrow money on at any time or place, at the lowest rate of interest, and it will be a security that will double in value from year to year and pay a constantly increasing income. I want you to have as much of the stock as you can, and when I receive the blank back I shall deduct the amount you want from the subscription of some of those who I feel are not entitled to as much as they have subscribed for, advance the money to pay for it for you, and hold it for you until you have paid me for it in the installments that you have promised. You must treat me fairly and not subscribe for more than you honestly know you can pay for, because if I advance the money for you and hold the stock, it prevents someone

else from having it, and makes me and my friends advance money needlessly to help you.

"Tell your friends who are thinking of joining me in our great bank to send in their subscriptions at once if they do not wish to be too late. Fill in the blank. If possible, increase your subscription or that of your family to the limit and I will help you all I can."

If that isn't the epistolary razzle-dazzle for the yap yearning to be done good and brown, I don't know what is. What it seems to say is quite overpowering in its promise. What it does say is nothing at all that anyone can lay hold of. Mr. Lewis appears to be just dying to make money for other people. All he asks is that they turn their money over to him to start this bank. I understand that the money is coming in upon him by the basketful. He has the plans drawn for a bankbuilding that shall resemble an Egyptian temple. It will be on an elevation. An avenue of sphinxes will lead up to it. This building will be just across the road from the beautiful octagonal officebuilding of the Woman's Magazine, out in St. Louis county, an institution that really made itself almost a rival for the World's Fair last summer in the number of visitors. Mr. Lewis is a pleasant-mannered gentleman, a little nervous, with a mind that is miraculously nimble. He deals with millions as if they were pennies. He is the ideal promoter, and his spiel is the most persuasive that I have ever heard, and I've met the best confidence crooks in the country in my day.

The People's Mail Bank is to issue its own currency; that is, its receipts are to pass current all over the country. Other banks will take them as if they were National-bank notes. The People's Mail Bank is going to rival the Bank of England. Just how it is going to make money upon its millions of stock, Mr. Lewis does not make plain in his literature. He says he has some big St. Louis bankers with him, and he talks of syndicates of wealthy men in San Francisco, and elsewhere, taking large blocks of stock; it's such a dead-cinch good thing. Oh! 'tis a beautiful spiel, but it is all characterized by the most rarified ethereality.

I have before me an "installment subscription" blank that is a "bird" for phraseology. The subscriber promises to pay a certain amount to be used by Mr. Lewis, according to his best judgment, towards the organization of such a bank in consideration of his best efforts in effecting such an organization, and of the other subscriptions thereto, and Mr. Lewis is to advance the money and set aside for the subscriber a corresponding number of shares in said bank, to the amount above subscribed by the subscriber, and said stock when issued to the subscriber is to be fully paid and non-assessable, it being understood that Mr. Lewis is to advance the money to pay for the said stock without charging the subscriber any interest or commission, and the subscriber is to pay Mr. Lewis as set forth later, and that Mr. Lewis is authorized to organize and incorporate said bank on such terms, with such directors and under such laws as may be considered by Mr. Lewis best suited to the purposes intended.

All of which reads like a "blind pool" agreement more than anything else. All the literature of promotion for the People's Mail Bank is of this general character of vagueness of promise. The literature is all well printed and is most alluring in its golden haziness. However skilled one may be in tracing the least flickering of an idea to its lair in a maze of words, the People's Mail Bank literature baffles him. It all looks like "there's millions in it;" but, subject to careful analysis of anyone competent to follow the intricacies of finance, the result is something to make the judicious banker or business man shake his head in grave dubiety.

Mr. Lewis stands well in this city to all appearances. His magazine maintains its own mail cars. Mr. Lewis has a private trolley car to take visitors to his magazine building—and, indeed, his printing and publishing plant is a marvel. He has floated a real estate scheme known as University Heights on a stock plan. He invented a device to put on the wall



*Worlds Fair guests of the Lewis Publishing Company
¹Officers of the K. C. Mex. & Orient R. R. and English Capitalists ²Officers and
 Directors of the Missouri-Lincoln Trust Company, and wives ³Directors of the
 National Bank of Commerce, St. Louis*



Delegations of editorial men, guests of the Lewis Publishing Company
¹Democratic Editors of Missouri ²Missouri Republican Editors ³Southern Illinois Editors

near your telephone, which prevents anyone using the phone without dropping a coin in the slot, and this device is not attached to the telephone at all. He has also a great scheme for manufacturing a patent cork out of a substitute for cork.

Mr. Lewis associates with bankers and financial moguls. He had President Francis of the World's Fair to preside at the laying of the cornerstone of his magazine building. He uses freely in conversation the names of the best-known capitalists in this city and is altogether very impressive, if not convincing, to one who wants to pin talk down to facts. There can be no manner of doubt that he is a tremendous hustler and that he has some powerful alliances in finance. He has had some trouble with the postal authorities in the past. When he started his magazine, he did it by a device which the authorities suppressed, as being in the nature of an "endless chain" scheme. His World's Fair guessing contest was investigated, too, though I believe the indictments of other like promoters growing out of the investigation were nolle prosequied. He had a great "pull" with former Postmaster Baumhoff. His relationship with the late Postoffice Inspector Dice was close, and he entertained Postmaster-General Wynne. His World's Fair lottery was not molested. He has had an eventful career of fancy financiering in various parts of the country, having run co-operative watch schemes, candy games, patent medicine plants, etc. He has been in the advertising-agency business, and he started a development and investment company that was a weird wonder for promise. He has been a wizard at the local banks, getting credit with a success that caused people to suspect him of being a hypnotist, and kiting checks in a way to make a Japanese juggler green with envy. He borrowed money from two banks and made them both bid for his deposit on the basis of the credit they would give him, and finally took the two banks' money and deposited it in a third bank that would give him more credit. He carries as much as five hundred thousand in cash deposits, though, it is intimated, not in the name of any of his companies, but in his own name. His bank is chiefly officered by his employees.

Though he is very chummy, it is said, with big bankers, the name of but one of them appears upon the stationery of his bank. He lives in an atmosphere of stocks and bonds, and a collection of his promotion literature is curious, as showing how his schemes develop from rash proposals that seem to invite official interference to elaborately confusing and mystifying documents, seemingly drawn up by able lawyers aiming to do all that is illegally possible within legal forms. He is a man who has no vices. He sports an automobile or two. He led in a crusade against graft in St. Louis county last summer when he ran Camp Lewis for his magazine and bank subscribers' accommodation on his University Heights ground near the World's Fair. His career of ups and downs, as I have gathered it here and there, is one typical of the plu-perfect faker on a big scale. He has the imagination of a Mulberry Sellers and he can out-talk any man in the United States in the line of fascinating air-castle building. As I have said, according to his own statement, the money has been coming in by the basketful, but the number of moneyed men who have lost money by him in various schemes is quite large. His coin-controller for telephones and his papier-machè cork scheme have left some wise guys with some mighty dead stock on their hands. He has done business here with nearly every big bank in the city, and some of the smaller sort, and the men of money know him quite well. If they have not "turned him up," or down, it may be because they have reason to know that he is going to win out, or it may be because he got into them so deep that they say nothing, in the hope that he may pull them out, or that they don't like to advertise the fact that they have been "easy" to the point almost of being Chadwicked.

This is a synopsis of the great Lewis enterprise in its protean phases. It is necessarily superficial, because a detailed recital of the man's story

would take up the space of four issues of the *Mirror*, and then some. The man is playing a big game that seems to be on first blush a partially legitimized get-rich-quick game. The whole game is based upon the magazine investment, which may or may not be the mint that it is made to appear in his prospectuses. He is ably advised in a legal way in all he does, and so there is great difficulty in determining offhand the matter of his trustworthiness, concerning which the *Mirror* has been asked so frequently. His later promotion literature is wavier, in better legal form, than his earlier output.

The game is so big it should be carefully investigated. It should be investigated by especially appointed postal and State and National bank-examiners, because, as I have heard, Lewis was particularly close to Baumhoff and Dice when they ran the local postoffice, and he was getting their receipts on enormous payments for mailing his magazine, and when he was running the World's Fair lottery. The inflow upon Lewis of money subscriptions to his bank has reached dimensions that will justify an investigation that will investigate to the limit. The men who are interested in local financial affairs are beginning to worry about Lewis and the drag he has on the purses of people in every state in the Union. His game begins to wear some of the aspects of the gigantic business done here two years ago by Arnold & Co., Baldy Ryan, and some other Napoleons of finance, who brought many investors to grief or were themselves involved in disaster. The People's Mail Bank should be carefully looked into, and the high standing of some of Mr. Lewis' friends here in the financial world should be no shield for him.

The scheme does not look good or right; and the closer it is looked into the less evident it seems that the project is one that the authorities should permit to flourish. Mr. Lewis' career as a financier in the past is so varicolored and exciting that, while it may be that he has evolved something practical and straight out of old experiences fanciful and devious, it is at least only a counsel of caution that his present gigantic undertaking—that of establishing the biggest bank in the world on other people's money—should be subjected to the most rigid inquisition by every city, State, and National authority that may have jurisdiction of it as a whole or in part.

This "People's United States Bank" may be all right. I don't say that it is not. All I say is that it should bear investigation.

"THE PRESIDENT DIRECTS ME."

The following official letter of transmittal is self-explanatory:

THE WHITE HOUSE

WASHINGTON

My Dear Mr. Postmaster-General: The President directs me to send to you for investigation the enclosed letter and accompanying clipping from Mr. Howard E. Nichols of St. Louis, Missouri, dated the 4th instant.

Very truly yours,

WM. LOEB, JR.,

Secretary to the President.

HON. R. J. WYNNE, Postmaster-General.

The first phrase of this letter, "The President directs me," would seem on its face to mean that Roosevelt read the enclosures and deliberately ordered the investigation which ensued. The inspectors point out that Nichols' letter mentioned by name the Bank, the Development and Investment Company, the United States Fibre Stopper Company, and the World's Fair Contest Company. It hinted that the circulation claimed by the magazines might be fictitious. It charged the corruption of certain postal officials. It linked all the Lewis enterprises as a "deep, well laid plan to get a lot of people

to buy stock in several enterprises." The inspectors, therefore, aver that the direct cause of the fraud order against the bank was an investigation set in motion by the President.

Inspector Stice inserted into the record on behalf of the Government, Roosevelt's memorandum of November 24, 1903, transmitting Bristow's report to Congress. He also offered a copious extract from that report headed, "Employment of Landvoight's Son," which has no apparent relevancy to the Lewis case. He also inserted the extract headed, "E. G. Lewis, St. Louis, Mo.," heretofore reprinted. By way of explanation, he made this statement:

Further on in my testimony I will show that this investigation of the Lewis Publishing Company was taken up by direction of the President, in February, 1905.

There is no foundation for this assertion, save this brief three-line letter of transmittal. The whole basis of the inspectors' claim is the phrase: "The President directs me." That phrase is well known in official Washington as a mere routine form employed by the President's secretaries in transferring to the various bureaus concerned, letters improperly addressed to the President. Loeb's letter of transmittal expresses no desire on the part of the President that a report of the findings of this investigation be rendered to himself. No such report was ever requested or submitted. These facts alone would seem to be conclusive that Roosevelt handled this affair in a merely routine manner, if, indeed, as is most unlikely, it was ever called to his attention. The inspectors' attempt to justify themselves in this fashion far rather exposes them to the suspicion of cowardice in seeking to shield themselves behind the President's authority, than serves to justify the rigors of their investigation.

On even date with Loeb's letter to the postmaster-general, there was received by the latter the following communication from one, Walter C. Taylor of Saint Louis:

Dear sir: I enclose an article written by the editor of a local weekly, referring to a scheme controlled by the publishers of the Woman's Magazine of St. Louis. I may say that I have no first-hand knowledge of the concern. I have, however, seen its literature, and I agree with Mr. Reedy that the promises made are such as would be considered only by people who were nosing about with an aching to lose their money. This is my impression from an outside view. I do not know that the investigation of the banking end of the scheme comes within the authority of the postal department.

Inspector Stice makes this comment:

I call the attention of the committee to the fact that the Taylor letter with this clipping was in the hands of the postmaster-general independently of the Nichols letter and clipping which went to the White House. Thus the clipping was in the hands of both officials at about the same time. The case for investigation of the Lewis Publishing Company, charging them with a scheme to defraud in the promotion of the People's United States Bank, was already in the hands of the inspector-in-charge at St. Louis. * * * That is the way the jacket for that case was made up. Bear in mind that this case was independent of what was going on in Washington, either at the White House or in the office of the postmaster-general, and that Mr. Dice, who had been inspector-in-charge at St. Louis for a number

of years, died about November and Mr. Fulton had been assigned there, I think, some time in December, 1904.

ENTER POSTMASTER-GENERAL WYNNE.

The very first mention of the People's United States Bank in the columns of the Woman's Magazine occurred in the issue of February, 1904. What complainants there may have been against the mere project of the bank at its earliest announcement, do not appear of record. But all such complaints, if any there were, appear to have been jacketed by the inspectors with miscellaneous complaints against the Lewis Publishing Company. It is recorded there were, all told, forty-seven complaints filed prior to February 11, 1905. No investigation was made of these until February 7, 1905, after Mr. Dice's death. The People's United States Bank was incorporated on November 14, 1904. Three days later Lewis thus addressed the postmaster-general at Washington:

You will perhaps recall your trip to St. Louis when I had the pleasure of taking you out on a trolley ride to see the site of the new publishing plant of the Woman's Magazine. * * * For the past five or six months, I have been organizing a great bank to carry on all of its business by mail. * * * I inclose you herewith a copy of my booklet, "Banking by Mail," which gives considerable detail about it.

Some time ago, I received a letter from one of the acting assistant attorneys-general for the Postoffice Department, advising me that the use of the name "postal" was misleading, and was evidently used by me in order to mislead people to think that it was a Government institution. I then wrote to him, explaining the exact circumstances. * * * He wrote back that the words, "People's Mail Bank," were equally objectionable. I then took the matter up personally with Postmaster-General Payne on his visit to Chicago, and Mr. Payne informed my associates,—Mr. Wilbur, of the Royal Trust Company, being one of them,—that there could be no legal objection to the word "Mail" in the name of our bank. He said that he saw no reason whatever why we should not use it. He promised that when he reached Washington he would take the matter up officially for me. Unfortunately, Mr. Payne died soon afterwards without ever having been able to take up the matter and adjust it.

We have recently incorporated the bank under the name of the People's United States Bank, with a capital of one million dollars. On December 24, this capital is to be increased to five million dollars, full paid. I incorporated the bank under the name of the People's United States Bank, in order to demonstrate to the Department our intention and desire to comply with their wishes in every way. Having done this, I now appeal to you for permission to change the name of this bank on December 24 to the People's Mail Bank.

Your favorable action in this matter will be greatly appreciated, not only by myself and my associates, but by the two million people who are interested in this institution. I desire to come out in the January issue of the Woman's Magazine and announce to these people that through the kind efforts of Postmaster-General Wynne the name of the bank had been changed to the People's Mail Bank with the full consent of the Department.

This letter was referred to the Assistant Attorney-General for the Postoffice Department, and on November 23, 1904, the following memorandum, signed by E. W. Lawrence, was sent to the postmaster-general:

In connection with the request of Mr. E. G. Lewis, contained in the attached letter, that he be permitted to use the name People's Mail Bank for a financial institution which he is about to establish, your attention is called to the statements made concerning Mr. Lewis and his relations with Harrison J. Barrett, late assistant attorney for the Postoffice Department, to be found on page 37 of the report of the honorable fourth assistant postmaster-general on "The investigation of certain divisions of the Postoffice Department," dated October 24, 1903. The accuracy of the statement of Mr. Lewis that he was informed by Postmaster-General Payne that the latter "saw no reason whatever" why the name People's Mail Bank should not be used, may be open to question, as the reputation of Mr. Lewis for veracity is not of the best.

The bias against Lewis in the Postoffice Department officially resulting from Bristow's statement based upon the report of Vickery and Fulton, is here very plainly apparent. Such was the effect of Lewis' present of a gold watch! The prejudice of Lawrence gains additional significance because, as the sequel will show, the duty of preparing the memorandum of charges against Lewis, accompanying the citation (to show cause why a fraud order should not be issued,) fell to him. Lawrence was also the man who later represented the Government at the hearings before Goodwin.

Wynne must have remembered very well his visit to University City. The private street car "Mabel" of the Lewis Publishing Company had taken himself and a considerable party of St. Louis bankers and business men out to the plant of the Lewis Publishing Company. There they were entertained as Lewis' guests. Wynne's acceptance of Lewis' invitation would seem to indicate that the latter's reputation for veracity in his home city was not such that he was thereby much discredited! What effect the memorandum of Lawrence may have had upon the postmaster-general's mind can only be conjectured. His reply to Lewis of November 25, 1905, was purely official in both tone and content. He simply pointed out that the policy of the Postoffice Department forbade the employment of the words "postal" or "mail" as part of the name of any bank. He concluded thus:

I have no doubt that the designation "People's United States Bank" will answer your purpose quite as fully and well as that which you desire to adopt, and fail to see that the continued enforcement of this measure of public policy will work serious hardship upon you and your associates.

THE INVESTIGATION IS ORDERED.

Lewis would better have let well enough alone. For the attention of the postmaster-general was thus called forcibly to the bank. Let us see what consequences followed. The first official act took the form of instructions from Fulton, as inspector-in-charge at St. Louis, to Inspectors Stice and Sullivan, bearing date of February 7, 1905. Two cases were turned over to Stice and Sullivan for investigation. Case 20640-C alleged the violation of Section 1617, Postal Laws and Regulations of 1902 by the Lewis Publishing Company. Case 30931-C alleged the violation of the same section by the Development and Investment Company. The reference to

this section of the law amounted to a charge that both companies were making use of the United States mails in the promotion of schemes to defraud. The attention of the inspectors was called by Fulton to Lewis' initial circular letter inviting subscriptions to the stock of the bank. By a weird exercise of imagination, Fulton suggested that the inspectors "look into the question as to whether or not the scheme of the People's United States Bank is one described as a lottery" in the inspectors' confidential book of instructions. He further questions "whether the scheme is one described as fraudulent" elsewhere in that manual. "These suggestions," the letter continues, "are given merely as partial lines of inquiry and not for the purpose of outlining your investigation completely. This should be taken up in such manner as you see fit. With the papers will be found an article from the St. Louis Mirror, February 2, 1905, edited by W. M. Reedy, which was handed me today." The inspector-in-charge does not state by whom the Mirror article was brought to his attention.

The next day the following communication, over the signature of Chief Inspector W. J. Vickery, presumably enclosing the complaint of Nichols to Secretary Loeb and that of Taylor to the postmaster-general, was forwarded to Fulton from Washington:

The inclosed papers will explain themselves. I think you have a case covering the matter, but the postmaster-general is anxious to have an immediate and thorough investigation made, covering everything to which this letter may lead. I am anxious that you should undertake it personally, but in order to share the responsibility, if you think best, take any one of your inspectors to assist you. Of course, it will not be advisable to take any who may have stock in any of Lewis' enterprises; but follow the case wherever it may lead, even if it touches people in Washington.

Why was the postmaster-general so anxious to have made "an immediate and thorough investigation covering everything to which this letter may lead"? Possibly (upon the theory of the inspectors) by the President's order. More probably, the allegations of Nichols may have suggested a possible aftermath of Bristow's investigation. Nichols' letter charged specifically the corruption of Barrett and other postoffice officials by Lewis. This portion of Bristow's report had been called to the postmaster-general's attention by Lawrence on November 23 preceding. The circumstances of his trip to St. Louis and of his visit to Lewis' plant had been vividly recalled to Wynne's mind by the correspondence of Lewis touching the proposed title for the bank. There appears also of record a letter signed by Third Assistant Madden to Wynne, under date of January 21, 1905, which links the name of A. M. Travers, chief clerk in Madden's office, with that of Lewis through the mediation of Harrison J. Barrett.

What other cause of anxiety the postmaster-general may have had is not of record. It is, of course, conceivable, despite the protestations of Inspector Stice, that Senator Platt might have interested himself in the case of the People's United States Bank

prior to the expiration of Wynne's term of office. The selection of Cortelyou for this and similar purposes may have been agreed upon months earlier. Either Platt as senator from New York, or Cortelyou as chairman of the Republican Campaign Committee, could certainly have had the ear of the postmaster-general at any moment. Whether or not the nature of the proposed bank as a rival of the express companies and the Postoffice Department itself in the sale of money orders, and as the pioneer postal bank in America, was the occasion in whole or part of the postmaster-general's "anxiety," and if so, at whose instance, is a question suggested by the circumstances.

The reason of the anxiety of Vickery that Fulton undertake the investigation personally is much less dubious. Fulton was the associate of Vickery in the investigation from which Bristow drew his strictures against Lewis. Doubtless, he saw here an opportunity further to discredit the administration of the late George A. Dice, and also to win for Fulton and himself additional glory. Vickery had the ear of the postmaster-general. He may have thoroughly imbued Wynne with the Bristow-Kansas-anti-Dice theory of the Lewis case. He may also have communicated to Wynne his suspicions that all was not right in the office of the third assistant. Already, as we know, there was bad blood between the office of the third assistant and the division of the postoffice inspectors. The phrase, "Follow the case, wherever it may lead, even if it touches people in Washington," was evidently intended as a spur to Fulton's ambition. The people in Washington suggested are evidently Madden and his chief clerk, Travers. However all this may have been, the Lewis case was now fairly launched, and the inspectors' service was definitely committed to its prosecution.

Fulton acknowledged promptly on February 11 the receipt of Vickery's "personal communication of the 8th instant, suggesting an investigation of the various concerns promoted by E. G. Lewis of this city." By way of reply, he forwarded a copy of his letter of instructions of February 6 to the inspectors. He stated that it was purposed to extend the investigation to cover the Woman's Magazine and other of Lewis' promotions, but that it had not been his intention to do more than supervise the investigation. He says, however, "I will give this case some personal attention, in accordance with your instructions." A portion of this letter can be considered more properly in connection with the question of second-class entry, but Fulton proceeds in part as follows:

Regarding your request for an immediate investigation covering the Lewis promotions, I desire to state that the stock of the People's United States Bank is not to be issued to subscribers and the bank is not to be completely and distinctly installed until March 4. For this reason, the inspectors and myself think it unwise to undertake an investigation into the financial responsibility of the bank and other concerns until that time. Meantime, we had contemplated the attempt to secure the co-operation of a state bank-examiner. In view of these facts, it is deemed unwise to begin

active work until that date, especially in view of the charges that the funds of these various institutions are being "kited" from one to the other as is necessary to make a showing when one of the institutions is attacked.

Had Fulton been himself the head of the State banking department of Missouri, he could not have displayed more sense of power. The zeal of his house was evidently "eating him up."

SECOND ARTICLE IN THE MIRROR.

The Mirror of February 9, 1905, contained the following article by Reedy, which was immediately turned over to the inspectors by Fulton:

MR. LEWIS AND HIS MAIL BANK SCHEME.

Last week's Mirror contained an article, in answer to inquiries from all over the country, setting forth the general haziness, as it seemed to me, of the scheme of Mr. E. G. Lewis' People's United States Bank, duly incorporated under the laws of the State of Missouri. A cursory glance was taken at the career of Mr. E. G. Lewis and the character of some of his former exploitations. He has floated a number of schemes a short while, and for a short distance. They followed one another quickly. His Woman's Magazine, at ten cents a year, with two millions circulation, and his Woman's Farm Journal of the same character of publication, seem flourishing, and it has been through these media he secured the stockholders and depositors in his mail bank. I have read a great deal of the literature of promotion of these schemes in the publications mentioned, and I find it, as I said, extremely hazy and stamped with an insistence upon altruistic purpose which, in its over-emphasis, is, to put it mildly, suspicious. Mr. Lewis has been investigated by the postal authorities, but that was at a time when he had a friend in the postoffice in Inspector Dice, another in the man in the weighing department, another in Postmaster Baumhoff, and a relative of Inspector Dice in his (Lewis') own office employ.

There was a time when the reports of inspection of Lewis' business made in the evening were in his hands in the morning before they were sent on to Washington. This was when he ran an endless chain card scheme and when he ran a great World's Fair guessing contest. But Inspector Dice is dead now, and there has been a cleaning out of "the old gang" in the Postal Department. Mr. Lewis has had a clean bill of health and he has been permitted to use the mails to start his bank, and it is not for me to say anything as to how the said clean bill of health may have been obtained. I say no more than that Mr. Lewis' promotion literature seems to promise too sure and too big profits to his stockholders and depositors. I say further, that his stock subscription blanks are framed in such a way as to commit the signer to what looks like going into a blind pool and giving to Lewis authority to use the money subscribed in any way he may see fit to use it in connection with the bank. The subscriber appears to have no recourse against Lewis if anything goes wrong with the bank. I observe that Mr. Lewis freely pledges his personal fortune to the support of the scheme, but whether that fortune will be sufficient to protect the interests of eighty-five thousand stockholders, I don't know. I don't understand that Mr. Lewis has a large personal fortune; and the companies he has put forward seem, in many instances, to be rather heavily incumbered with mortgages and deeds of trust.

He may be making all the money he says he is and the property he has acquired through his companies may be worth what he says it is, and all paid for, but there are documents in evidence, I imagine, at Clayton, St. Louis county, which, if examined, might show that hundred thousand dollar transactions can by means of draw-downs and come-backs, dwindle to the insignificance of mere fifteen or twenty thousand dollar payments.

When the minor employees in a great bank flotation or other scheme are dropped because they ask questions about records they are instructed to make, things don't look right to me. When the analysis of the business of Mr. Lewis shows that while he has a great revenue he has a tremendous expense, and when there are conditions favoring the possibility of one great scheme being called into being to strengthen another, and all based upon a system of palavering the public into a belief that a man lives and breathes and has his being only to make money for that public, I don't like the looks of it. And when Mirror readers ask me about the general character of the scheme I give them my opinion as plainly as I have been able to formulate one. Mr. Lewis' mail bank may be all right, but its looks on paper made the postal authorities dubious, and some things that I have heard about the postal inspections of Mr. Lewis' schemes in the past lead me to have some doubt either as to the competency or the integrity, at any rate, the infallibility, of the inspectors.

This bank scheme of Mr. Lewis is a big one, a very big one. Its carrying out is dependent upon the co-operation of hundreds of thousands of people who are asked to hand over their small savings to Mr. Lewis. How the earnings necessary to support the bank are to be made on these savings is not lucidly set forth. It seems to me that Mr. Lewis' authority in this banking scheme is such that he might loan the money to himself or some of his companies, with no security other than that personal fortune of his, of which one may be skeptical. One may be skeptical of any bank in which a leading factor is a faith curist who lives by selling cathartic lozenges to a public that cannot be moved by faith alone. Mr. Lewis has pretty nearly two pages of "dope" about this bank scheme in the January issue of his *Woman's Farm Journal*. I have read and reread those two pages with care. I have had them read by a financial expert and a lawyer for my special benefit. The sum total of my effort to determine just what are the specific guaranties of security for investment or deposit in this People's United States Bank has been only confusion. * * *

Mr. Lewis may be another banker like those who dominate money matters in New York or Chicago, or he may be a financier only in a Chadwickian sense, hypnotized by himself into capacity to hypnotize others out of their hoards. If Rufus J. Lackland, William H. Thompson, Charles H. Huttig, Walker Hill, William H. Lee, A. A. B. Woerheide, any or all of them—bankers of St. Louis—will read Mr. Lewis' literature about this People's United States Bank and tell me that it is a good, safe, sane and sound financial venture, founded on correct principles of banking, I will recommend it as an investment and a depository to the people throughout the country who write the Mirror for information of the character of the undertaking.

THE EVE OF THE INQUIRY.

The official instructions to Inspectors Stice and Sullivan now appear to have been practically complete. In justice to the inspectors, we digest, from the Ashbrook Hearings, this testimony of Stice:

I beg to call to the attention of the committee that matters referred to up to this time all occurred prior to the entrance of Mr. Cortelyou into the Postoffice Department. The investigations were ordered by President Roosevelt and Postmaster-General Wynne. They were actively under way from February 7, the date that the papers were turned over to me and Col. Sullivan, before Mr. Cortelyou came in on March 4 following. I mean by under way, the inquiry as to the different businesses that were to be investigated, the reading of all literature, and getting together the magazines. Unless that is done, no person is able to understand fully this case. They must go to the beginning and read every article that was used in the promotion of any of these institutions. We engaged ourselves in this way prior

to our actual appearance at the office of the promoter. We were thus engaged from February 7 up to March 14, when the inspectors connected with the investigation first appeared at the office of Mr. Lewis. Copies of the *Woman's Magazine* and *Woman's Farm Journal* containing any reference to any of these institutions were obtained. I read them all carefully—studiously.

I have undertaken to make it clear to the committee that, so far as I know, this case was placed in the hands of Col. W. T. Sullivan and myself regularly without any other instructions than what we might have had in any other case. We entered upon this case, both of us, with an open mind. We knew nothing of Mr. Lewis or his business and had never investigated him before. Mr. Sullivan had been recently transferred to St. Louis from Denver, Colorado. I had been transferred from the Kansas City division in June preceding. Neither Mr. Cortelyou, Mr. Goodwin, Mr. Wyman, nor any other persons whose names are mentioned in the evidence as being parties to a conspiracy, had any connection with these cases up to the time the investigation was made and our reports submitted in May, 1905, with the possible exception of Mr. Fulton.

The attention of Lewis, of course, had been called to the articles of Reedy in the *Mirror*. The relation between Nichols and Reedy appears to have been known to him. It was apparently to set at rest these charges that he dispatched the following letter to the chief inspector at Washington, which had the effect of hurrying on his disaster:

Recently some of the enterprises in which I am concerned, as well as myself, have been subject to very unfriendly criticism in a local weekly publication here, making various vague and indefinite charges. The principal accusation appears to be that in some way I have been able to hoodwink Postoffice Department officials and thereby seal my enterprises and intentions from publicity.

I have reason to think that the instigator of this attack is a young man, formerly in my employ, whose animus is extremely hostile and who possesses little sense of responsibility in matters of this sort. But, whatever the motive or sources of the attack may be, justice to the Postoffice Department as well as to myself and to the many very responsible business men of St. Louis and elsewhere who have been for some years interested and associated with me in my various enterprises, leads me to respectfully request your Department to make an immediate and thorough investigation of my enterprises as fully as you may consider appropriate. Every facility will be given to your Department to make the investigation as thorough as you desire. All that we shall ask is that the investigators may be disinterested and intelligent men, acquainted with the subjects involved in my lines of business.

Postmaster-General Hitchcock, in his response in 1911 to the charges of the Lewis Publishing Company, comments upon this communication as follows:

On the day after the induction in office of Postmaster-General Cortelyou, March 8, 1905, Mr. E. G. Lewis, president of the Lewis Publishing Company, addressed a letter to the chief inspector for the Postoffice Department, requesting a thorough and complete investigation of his several enterprises. It would now appear that all doubt as to the necessity of an investigation had been cleared away.

CHAPTER XVII.

THE NEW FEDERAL BANK-EXAMINERS.

LEWIS' SUBSCRIPTION TO CAPITAL STOCK—THE STOCK IN LEWIS' NAME—STOCKHOLDERS' PROXIES—WAS LEWIS MILLIONAIRE OR PAUPER?—THE ALLEGED SHORTAGE—THE INCREASE IN CAPITAL STOCK—THE FIFTY THOUSAND DOLLAR NOTE—THE NOTE FOR ONE HUNDRED AND FORTY-SIX THOUSAND DOLLARS—WAS THERE ANY SHORTAGE?—OTHER LOANS OF THE BANK.

A kind of grim humor attaches in retrospect to Lewis' childlike simplicity in turning to the banking department of Missouri and to the Postoffice Department at Washington as his natural helpers. Was Lewis conscious of fraudulent misrepresentation in the promotion of the bank? Was he aware of having embezzled the bank's funds and converted the money to his personal use? Did he know of any shortage of hundreds of thousands of dollars in the funds for which he was responsible? If such charges are true, one can hardly account, upon any theory save that of madness, for Lewis' urgent and oft-repeated invitation to the State authorities to send their bank examiners and to the Federal authorities to send post-office inspectors to make an investigation of his affairs. To assert, as the inspectors have done, that Lewis was merely bluffing, in the hope that a show of willingness to throw open his books and papers might enable him to get off without detection, is to accuse Lewis of a kind of folly that is wholly out of keeping with the admitted quality of his wits. For Lewis, whatever his faults, is not a fool. Nor is any such supposition borne out by the event. Lewis, in fact, has never made any attempt to conceal anything. Except for his refusal to permit the inspectors to continue their investigations beyond the point where their animus and incompetence had become apparent, and after the bank examiners had completed an exhaustive inquiry, his attitude has always been that of courting investigation. All the circumstances suggest to the dispassionate inquirer that Lewis was misled by his temperamental optimism into the belief that everybody would be as delighted that his achievement was a huge success as he was himself. Therefore, he welcomed, as allies, the spies who afterwards betrayed the bank to its doom.

The representatives of the Government before the Ashbrook Committee testified that the inspectors who conducted the investigation of the People's Bank were among the most competent in the postal service. The methods they employed were said to be in strict

accordance with the instructions of their superiors and the policies of the Department. The investigation of the bank may, then, be regarded as typical of the attitude of the Government toward the citizen, as exemplified in this branch of the public service. These facts have been repeatedly testified to by the inspectors. There can be no dispute concerning them. A summary review of the nature, manner and extent of this investigation will clear up any doubts there may be in the reader's mind as to the propriety of stigmatizing postoffice inspectors by the odious name of spies.

Stice testified that there were on file, in the office of the inspectors in charge in St. Louis, four jackets on as many different cases touching Lewis and his affairs. These had been made up at Washington and forwarded to St. Louis for investigation. Each contained one or more letters of complaint against one or other of the Lewis enterprises. Did the inspectors send for Lewis or call upon him and lay before him frankly the contents of these jackets? Did they ask him to explain the facts in each particular case? Did they show him, for example, the letter of Howard Nichols and attempt to ascertain if he knew of any reason why Nichols should turn against him? Did they inquire whether or not Nichols was actually in a position to secure the information which he claimed to have? Did they ask Lewis if the statements made by Nichols were true? Did they give him any opportunity whatever to rebut those statements? Did they take into account the nature of his rebuttal in their investigation of the facts? The answer to all of these questions and many similar inquiries that suggest themselves is, No! For it is said by the inspectors themselves to be one of their fixed policies never to reveal to the accused the nature of the charges that have been made against him.

Let us see what actually took place. Stice testified that the first thing he and Inspector Sullivan did, after the four cases against the Lewis enterprises were turned over to them for investigation, was to familiarize themselves somewhat with the charges. To this end they read and studied all the copies of the Lewis promotion literature that they could obtain. They occupied in this way the interval from February 7, to March 14, 1905. The avowed purpose of this preliminary study was to enable them to grasp Lewis' activities in their entirety. They did not seek to investigate each individual complaint. That method, in the case of the letter of Howard Nichols, would have resulted in their learning that Nichols simply did not know what he was talking of. They proposed, on the contrary, a comprehensive inquiry, embracing no less than the totality of the Lewis enterprises.

A number of questions will at once suggest themselves to every practical man of affairs. Were these men competent to conduct such an investigation? No! They were, as we have seen, men of the most ordinary intelligence. Did they employ expert accountants or otherwise audit the books of account of the various enterprises?

No! They did not deem the co-operation of such experts necessary. Did they conduct formal hearings, and require the testimony given to be taken down by an official stenographer? No! Their conversations were informal; and they depended largely upon their recollection of the verbal testimony given. Did they conduct a thorough examination of the books of account and check up the original vouchers, in order to obtain a proper comprehension of the subject matter in each case? No! They contented themselves with the inspection of particular books of account, and from particular accounts and items which they deemed suspicious they made such memoranda as they saw fit. Did they devote to the entire investigation an amount of time adequate to an exact knowledge and thorough comprehension of the subject matter involved? No! They were present in person on the premises of the bank not to exceed three and one-half days, or twenty-odd hours all told, during their investigation of a two and one-half million dollar institution. How, then, did they obtain the information upon which their report was based and the fraud order was recommended? Partly, by two afternoons of desultory conversation with Lewis and certain of his associates; partly, by the examination of his promotion literature, and partly by his written replies to lengthy written interrogatories. In addition, they made a few memoranda from the daily balance book of the bank. They totaled up the stock subscription books kept by Lewis as promoter. And they caused Lewis and his associates to draw up and make affidavit to three or four brief statements as to circumstances which they deemed to be suspicious, for the manifest purpose of introducing these as evidence in the event of criminal prosecution.

To sum up briefly, Inspectors Fulton, Stice and Sullivan first presented themselves at Lewis' office on the afternoon of March 14, 1905. Lewis placed himself wholly at their disposal. He reminded them that he had courted investigation and stated his gratification that an inquiry was being made. He described in great detail the history and the present status of all his enterprises. He announced his willingness to furnish all information, whether verbally or in writing, that might be required. He told the inspectors that the whole institution was open to them from top to bottom. He observed no precaution, called no witnesses, took no stenographic record of the proceedings. He supposed that he was, in effect, talking to the President of the United States, and relied absolutely as a loyal citizen upon the good faith of the inspectors as representatives of the Administration.

An agreement was reached at this interview that Lewis should furnish files of his publications and other promotion literature and should answer in writing a series of interrogatories. The next three weeks were occupied by these matters. The inspectors came back on the afternoon of April 8. Once more an entire afternoon was consumed by a desultory cross-examination ranging over all of Lewis'

enterprises. An agreement was reached during this interview in pursuance of which the inspectors returned on April 10 and 11, with a number of clerks from the St. Louis postoffice, and totaled up on adding machines the subscriptions to the People's Bank shown in Lewis' books as promoter. Some days afterwards they came back and asked for the vouchers showing the return by Lewis of certain sums of money to persons whose subscriptions had been cancelled. He then told them that they had "gone the limit." Such, in brief outline, is the story of the entire investigation.

What was the purpose of the inspectors' inquiries? What circumstances aroused their suspicions? What were the issues subsequently joined? The following brief analysis purports to furnish answers to these questions:

The attitude taken by Lewis toward the inspectors' investigation is one of the subjects as to which there is no disagreement. The inspectors testify that the first two interviews of March 14 and April 8, each consuming an entire afternoon, were most cordial. In the interval Lewis cheerfully furnished all the information they required. Lewis' personal counter books, containing the list of subscriptions to the bank stock, were freely turned over to post-office clerks who came out to run up the totals on adding machines on April 10 and 11. But, subsequently, when Inspector W. T. Sullivan called to verify the sums shown by those books to have been returned to subscribers, Lewis refused to give him further access to his books. Following is an extract from Fulton's testimony:

The purport of the interview on March 14 was a statement to Mr. Lewis that we called to investigate the bank. He said that he had made a request to the postmaster-general for an investigation and was willing and desirous that it be made. Some rumors and charges had been made in the public prints and on the streets by a former associate with whom he had had trouble. This man claimed that Lewis had been fraudulently engaged and had been insolvent with several different schemes with which the two were connected. Also that he had been indicted in the state court when Governor Folk was circuit attorney, for conducting a lottery in connection with the World's Fair Contest Company. These rumors, he said, were causing the bank to be discredited. Some stockholders were withdrawing their deposits. He was anxious to have an investigation, so that he could be vindicated from those charges. We went into those charges with him in detail.

Following is an extract from the testimony of Mr. Stice:

Our first interview there, the 14th of March, was rather a preliminary discussion about what his disposition was, and what the purpose of our investigation was. Certain arrangements were made verbally. Certain things we would want he agreed to furnish. Other information he agreed to submit in writing. Before our next visit we submitted a lot of questions asking for information. This he furnished. Then we returned on April 8, to verify some of the information he had given us in writing. We were there over half a day. No obstacle was thrown in our way. Everything was lovely. We next went out on April 10 and 11 to get the total from these fifty-four subscription books. I don't recall any obstacle then. We took up the question of the cancellation of subscriptions. Where there was a line drawn through the subscriber's name on Lewis' subscription book, he said it meant

that the subscriber's money had been paid back. The total, according to the book, was \$204,993.65. But he afterwards refused to furnish us the papers which would establish the return of these cancellations. Two or three requests failed to get that information. He first said that he would furnish it at a certain time, but never did.

Col. Sullivan went out there and I went out there, and the statement he made to us was, "You postoffice inspectors have gone the limit. You can't get any more information here." The next time I went out there on the bank matter was the first part of July, on instructions of the Department, to examine the salary vouchers that were represented in the promotion of the bank. The information that we asked for then was given.

LEWIS' SUBSCRIPTION TO CAPITAL STOCK.

The nature and amount of Lewis' subscriptions to the capital stock of the bank, the question as to whether he paid for any of the stock with his own money, and the circumstances surrounding the issuance of stock certificates in his name, are subjects of considerable controversy. The facts of record are as follows:

The first subscription by Lewis shown by the articles of incorporation of the bank was for 9,915 shares. The balance of eighty-five shares was subscribed in lots of five shares each by the other seventeen incorporators. Lewis drew a check for \$495,750 in half payment for this stock, upon his personal account. This account then contained both funds remitted to him by subscribers, as their agent in the organization of the bank, and funds belonging to him personally. The inspectors state that when Lewis was asked by them on March 14 if he had subscribed and paid for the stock which was then standing in his name, he said he had. On the 8th of April he corroborated that statement under oath.

What amount of stock was subscribed for by you in the original corporation, and how much was paid on it up to the close of business, March 14, 1905? Ans. Nine thousand nine hundred and fifteen shares were subscribed for by me and \$495,750 paid on it by me.

Same question as to the increased capital stock? Ans. Fourteen thousand nine hundred and ninety-nine shares were subscribed for by me, fully paid, as trustee for other subscribers; value, one hundred dollars each.

How much stock was taken by subscribers, other than yourself, of the original stock, and how much was paid on it up to the close of business, March 14, 1905? Ans. Eighty-five shares, at one hundred dollars each, half paid.

Same as to increased capital stock? Ans. Ten shares, all paid. E. G. Lewis. Subscribed and sworn to before me, a postoffice inspector, April 8, 1905, at St. Louis, Mo. R. M. Fulton, Postoffice Inspector-in-Charge.

The inspectors then state that Lewis' testimony at the hearing in Washington on June 16 and 17, 1905, was that his original subscription of \$495,750 at the incorporation of the bank, was paid for by him as trustee from the funds of other subscribers. The testimony of the inspectors, and also of Assistant Attorney-General Goodwin and his assistant, Lawrence, to this effect, was introduced in evidence at Lewis' trials. The fact appears to be that the truth lies between the two statements, or rather that both statements are true with qualifications and explanations which Lewis apparently did not deem it necessary to give to the inspectors, but which he

entered into detail under examination by the State banking department on April 13, five days later. In the above affidavit Lewis did not state that the shares subscribed for by him in the original incorporation were his own shares, or that the money paid on those shares by him was his own money. Nor, on the other hand, did he state specifically that he acted as agent in that transaction, although he does so state in the following paragraph as to his subscription to the increased capital stock. The basis of the inspectors' criticism is, therefore, either an inference as to Lewis' meaning, or an assumption that he ought to have made as full and explicit a statement to them as he afterwards did make to the secretary of state and to the assistant attorney-general at Washington.

Secretary of State Swanger, as head of the State banking department, and Bank-Examiner Nichols interrogated Lewis on April 13, 1905, and the result of that examination is of record. The substance of Lewis' statement as to his subscription at the incorporation of the bank is as follows:

The nature of the subscriptions made prior to the incorporation of the bank on November 14, 1904, was in effect the placing in my hands of a certain sum for organizing a bank or trust company under such name and in such manner as in my judgment was best. I was practically a trustee for the subscriber on a written agreement in which I agreed to refund the money or give him stock in a bank or trust company, which I would form. I carried the money in my personal account at the Missouri-Lincoln Trust Company. I did not keep these funds separate from my personal account, because the transaction was between myself and the subscriber. He could call on me for his money at any time and many subscribers did so. My relation with the subscribers was purely one of personal contract.

The subscription as incorporator was mine. I was a bona fide subscriber. I regarded myself as an organizer of a bank with a planned object in view between myself and my associates. They had confidence in my ability. I subscribed for all but eighty-five of the shares and paid in \$495,750. I paid this only partially out of the subscriptions received from subscribers. A part was my money; the rest that of the subscribers. That will be shown by the record showing the amounts received before November 14. We did not apply all of the funds received to the payment for this stock. Some of it was carried over to a special account. We did not want to overpay the half. We carried the rest on certificates of deposit.

A large part of the subscriptions received was advanced by me. It came out of my account. Suppose a man bought one hundred dollars' worth of the stock but paid only sixty dollars. I would pay the forty dollars and hold his receipt as collateral. I should say that altogether my loans on account of subscriptions and advances for demand subscriptions would amount to about one-third of my original subscription. I borrowed the money from private parties and banks. These figures are approximate. The remaining two-thirds of my original subscription was held for the subscribers in trust, the funds of the subscribers and myself being kept together. There is no means of knowing exactly how much of my own money was used. We carried over to a special account two hundred thousand dollars, and I cannot now say how much was my money and how much was the subscribers'.

THE STOCK IN LEWIS' NAME.

The propriety of Lewis' conduct in causing certain certificates of stock to be issued to himself is also a matter of controversy. Exami-

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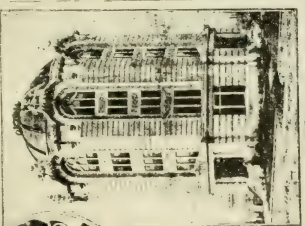
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POST-AL INSPECTORS ASK FRAUD ORDER

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—Inspector After False
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Stockholders Sued Through-
out Country for Their Investment
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ber, Total of \$350,000

LEWIS SAYS THIS IS A
BANK IN OTHER BANKS AT INTEREST



SPRING BROTHERS
SUBSCRIBED AFTER
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The Lewis' Kingdom Building, Spring Brothers' Bank, the
United States Bank, 300 N. 3rd St., corner of the North Third Street.

LEWIS SAYS THIS IS A BANK IN OTHER BANKS AT INTEREST

The Lewis' Kingdom Building, Spring Brothers' Bank, the
United States Bank, 300 N. 3rd St., corner of the North Third Street.

MORE THAN \$2,500,000 OF STOCKHOLDERS' AND DEPOSITORS' MONEY INVOLVED

THE ST. LOUIS POST-DISPATCH, MAY 31, 1905



Lewis Planned a Bank With \$5,000,000
Capital, to Do Business by Mail.
Assurances of Profits Were Made
to Attract Money.

At St. Louis, Mo., May 31, 1905.
The Lewis' Kingdom Building, Spring Brothers' Bank, the
United States Bank, 300 N. 3rd St., corner of the North Third Street.

LEWIS SAYS THIS IS A BANK IN OTHER BANKS AT INTEREST

The Lewis' Kingdom Building, Spring Brothers' Bank, the
United States Bank, 300 N. 3rd St., corner of the North Third Street.

MORE THAN \$2,500,000 OF STOCKHOLDERS' AND DEPOSITORS' MONEY INVOLVED

THE ST. LOUIS POST-DISPATCH, MAY 31, 1905

POST-AL INSPECTOR
IN LITON IS SILENT

DECEASED REPORT
ASKED FOR ORDER

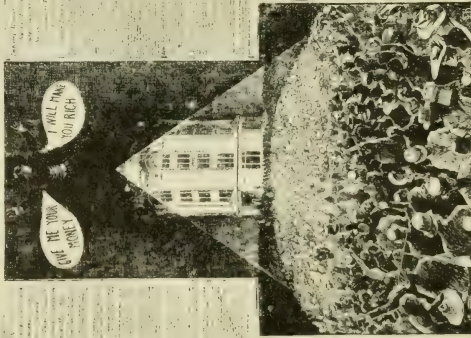
LEWIS SAYS THIS IS A BANK IN OTHER BANKS AT INTEREST

The Lewis' Kingdom Building, Spring Brothers' Bank, the
United States Bank, 300 N. 3rd St., corner of the North Third Street.

The celebrated Post-Dispatch extra of May 31, 1905 (greatly reduced), showing two full newspaper pages largely covered by the first assault on the Peoples' United States Bank. The sections reproduced elsewhere in the text are headed, "Details of Report Asking Fraud Order"; also, "Lewis Planned a Bank with Five Million Dollars Capital"

ST. LOUIS POST-DISPATCH

FANATICAL FINANCE



Cartoons and display articles in the St. Louis Post Dispatch attacking Lewis and the Peoples' United States Bank. Features of the campaign of denunciation by that newspaper following Lewis' negotiations for the purchase of the St. Louis Star.

¹²The Sunday supplement feature of July 16, 1905, the text of which is reproduced elsewhere.

²²News article of July 10, 1905, the day on which the fraud order was made effective. The cartoon was based on Attorney General Moody's opinion to Corleyon that the fraud order would have the sanction of legality.

nation of the stock certificate book of the bank shows that certificate No. 1 was made out in the name of E. G. Lewis for 915 shares. This was an oversight or clerical error. These 915 shares (or eighty-five shares less than 1,000), at the par value of one hundred dollars, would have made the capital stock of the bank only one hundred thousand dollars instead of one million dollars. The correct number should have been 9,915 shares. Bank-Examiners Cook and Nichols detected this error on their first visit on April 6 and called it to Lewis' attention. Nichols' statement on this matter at Lewis' first trial is in substance as follows:

I tried to ascertain from Mr. Lewis, himself, what stock was issued to him personally. I found that he held all but eighty-five shares of the original capital stock. I asked him if he subscribed for all that stock for himself or as trustee for outside stockholders. He said he was trustee. I then suggested to him that he should issue these certificate in his name as trustee. He replied, "I shall have to have two shares in my name to qualify as a director." He then canceled the first certificate and drew another for himself for two shares and another as trustee for 9,913, as I recall it.

This statement is confirmed by the testimony of Bank-Examiner Cook. On this head, the inspectors submit the following affidavit, taken on the occasion of their second visit:

The first certificate was issued to me for nine hundred and fifteen shares, a clerical error, and should have been for 9,915 shares, and on which I paid \$495,750.

The next seventeen certificates, for eighty-five shares all told, were issued to subscribers outside of the original incorporators. From that number to No. 4,381 have been issued to date, April 8, 1905.

Certificate No. 1 is half-paid stock. It was marked "canceled" through error and then marked "half-paid" under the instructions of the bank-examiners. Then the certificate which should have been canceled in the first place, No. 19, was canceled in the place of certificate No. 1, under the instructions of the bank-examiners. Certificate No. 1 should not be marked "canceled" but should be "half-paid." This was an error in the instructions of the bank-examiners at the time the writing was put on the first certificate.

When the balance of the original incorporation of a million dollars is paid up, then certificate No. 1 will be canceled and certificates issued for the full amount paid in its place. The pro rata of this would be a certificate for \$495,750 being issued to me personally, unless for some reason I had sold part of it to some one else.

As the subscriptions are paid in, the original capital stock of a million becomes full-paid and will be issued full-paid. For instance, if \$100,000 came in today and was applied on the original incorporation of a million dollars, one-half of which has already been paid, this would enable us to at once issue \$200,000 of full-paid stock of the original: \$100,000 of it would go to me personally, full-paid, I having already paid in the first half of the original capital; the other \$100,000 would go to the other subscribers outside of the original incorporators. E. G. Lewis. Subscribed and sworn to before me, a postoffice inspector, April 8, 1905, at St. Louis, Mo. R. M. Fulton, Postoffice Inspector-in-Charge.

Returning to the record of Lewis' examination by Swanger of April 13, above cited, his explanation as to the issuance of the stock is in substance as follows:

The first eighteen shares of stock were issued to the original incorpora-

tors. I issued the first certificate in my own name for nine hundred and fifteen shares as full-paid, and canceled one-half of it, because it was intended to be issued full-paid. My intention was to issue half to myself and the other half to subscribers. I expected to pay on this original stock up to half a million dollars in addition to what I had paid in.

I could not determine what particular subscribers would get the other half of the stock until we were ready to issue it. That was left to my discretion. That was the agreement when they sent in the money. They did not know whether they would get the stock or get the money back. I reserved the right to refuse subscriptions. For instance, I received a ten thousand dollar subscription from Woodworth, La. A man sent in a list of twenty names for five hundred dollars each. I found that nineteen of these names were fictitious. I then refused his entire subscription and sent back his money. My object from the start was to prevent any one person from securing over five hundred dollars' worth of stock. I intended to issue the stock to those who, in my judgment, were entitled to it. I stated explicitly what I intended to do. I said that if it was in my means I would subscribe to one-half of the stock and, besides myself, no man on earth would be allowed over five hundred dollars' worth of the stock, and that my stock would be placed in the hands of a trustee so that if I should die it would serve as a protection to the small stockholders. I am carrying out the trust as rapidly as I can, and that is one of the matters I want to take up with the banking department. I do not claim to hold all of the stock represented by the original certificate personally. My purpose in issuing it to myself was to facilitate the organization of the bank. There was no other practicable way to do it. My public announcement to these people was that this was what would be done.

The controversy between the inspectors and Lewis is here due to the difference between their respective viewpoints. The inspectors evidently regarded the organization of the bank as having been completed. They, therefore, considered that its existing status was conclusive as to Lewis' actual intent. The existence of a certificate of stock in his name, which had been paid for wholly or in part with the funds of other subscribers, was construed by them as proof of fraudulent intent. Lewis' entire testimony shows that he looked upon the existing status as a purely temporary stage in the formation of the bank with five million dollars of capital, of which he proposed to subscribe for and pay, personally, one million dollars, if he could. The problem was complex. He was inexperienced in the minutiae of banking. There was no material difference in his opinion as to the method in which the stock was issued, provided every subscriber received the full amount of his subscription in the stock of the bank at par before the full capitalization of five million dollars was issued, or got his money back in cash. The reservation of half of the original capitalization for himself by the device of paying in only half of the original capital stock, was in accordance with his undertaking to pay dollar for dollar up to the limit of his private fortune, upon which so much insistence has been placed. According to the laws of the State of Missouri, the other half of the capital could have been paid up by him at any time within one year. The evidence shows that he was taking steps to realize upon his various assets, and that he could easily have raised that amount in time to complete this subscription within the period allowed by

law. The testimony of the bank-examiners is conclusive as to Lewis' willingness to comply with their suggestions touching the manner in which the stock certificates should be made out. They both state their instructions in this regard were immediately carried into effect.

The testimony of Goodwin, Lawrence and the inspectors present at the hearing in Washington, is relied upon by the inspectors as a flat denial of the above affidavits furnished them by Lewis. The true effect of that testimony is, however, merely to put into juxtaposition two apparently contradictory statements, without the qualification and explanation by which they were accompanied when uttered. No transcript of the hearing at Washington is of record, and Lewis' full statement at that time is not, therefore, available. The testimony of the Government witnesses on this point is wholly *ex parte* and shows upon its face that efforts had been made to refresh the memory of the witnesses as to facts relied upon to secure conviction, in strong contrast with absence of any recollection of circumstances favorable to the defendant. Lewis may be open to criticism, from the inspectors' standpoint, for not having furnished them as exhaustive an explanation of his plans and purposes as he afterwards furnished the secretary of state. Possibly their conclusion that the certificates of stock standing in Lewis' name were evidence of fraudulent intent, may have been a logical inference from the information then in their possession. Such inference, however, would be removed from any candid mind by an analysis of Lewis' statements to the secretary of state, above cited, and by his willingness to comply with the instructions of the bank-examiners. The inspectors and bank-examiners were in frequent consultation, and the presumption is conclusive that all these facts must have been in the inspectors' possession at the time they submitted their adverse report and recommendation of a fraud order. This is the conclusion of Inspector Stice:

The record of stock subscriptions shows that Mr. Lewis was not a bona fide subscriber to the stock of the bank at its incorporation. Neither was he a bona fide subscriber up to March 14, 1905, nor did the records show that he ever paid in any of his private funds for stock, notwithstanding, nearly all the stock had been issued to him personally at the time of incorporation. Yet he represented that he was investing dollar for dollar.

Stice was corrected at this point by Congressman McCoy, and accordingly modified his last statement to say that he was representing that "he would" take dollar for dollar. The above is a comprehensive review of the evidence pro and con as to this matter. The reader may draw his own deductions.

There is no material controversy as to the certificates issued for the increased capital stock, to which Lewis subscribed as trustee for other stockholders to the amount of 14,490 shares, and his associates, F. J. Cabot and E. W. Thompson, to the amount of five shares each. The latter subscriptions were made to comply with the provisions of the law, which require the names of at least three persons as incorporators.

STOCKHOLDERS' PROXIES.

The propriety of requests by Lewis for proxies from out-of-town stockholders is called in question upon the ground of his representation that no group of men could ever get control of the bank, whereas the proxies would place the full control in the hands of Lewis and his associates. The testimony of the inspectors is to the effect that a proxy was required of every subscriber before Lewis would consent to issue a certificate of stock. Stice testified at Lewis' second trial that on the inspectors' second visit, Lewis stated that for every share of stock which had been issued, a proxy was first requested, and that between three and four thousand proxies had been secured. Fulton testified to the same effect, except that, according to his recollection, 4,381 shares had been issued between April 3 and 8, and that a proxy had been required in every instance. The inspectors, however, were presumably familiar with Lewis' examination by Swanger, five days later, when Lewis testified on this head as follows:

I asked the stockholders to sign a proxy if it was not objectionable to them. All of the stockholders have not sent me proxies. I should say that out of one and a half million dollars, six or seven hundred thousand was represented by proxies. Practically every person who subscribed to this stock did so through a personal acquaintance with me or through implicit confidence in my ability. I am personally held strictly responsible. Failure would mean the destruction of my publishing business. I felt my responsibility to them, and asked them to allow me all proxies on their stock.

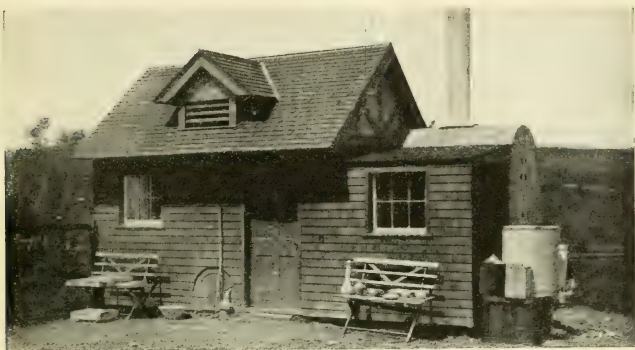
I would divide the proxies into four classes: There is the straight proxy, in which no alternation was made; the proxies in which somebody else's name is substituted for mine; those, in which the time limit has been stricken out, making the proxy revokable at any time; and others, bearing various alterations, such as revocation of my right to buy the stock at the market price, and the like. The subscribers were authorized to make any modifications in the form of proxy that they saw fit.

None of these qualifications are mentioned in the testimony of the inspectors—a most significant oversight.

WAS LEWIS MILLIONAIRE OR PAUPER?

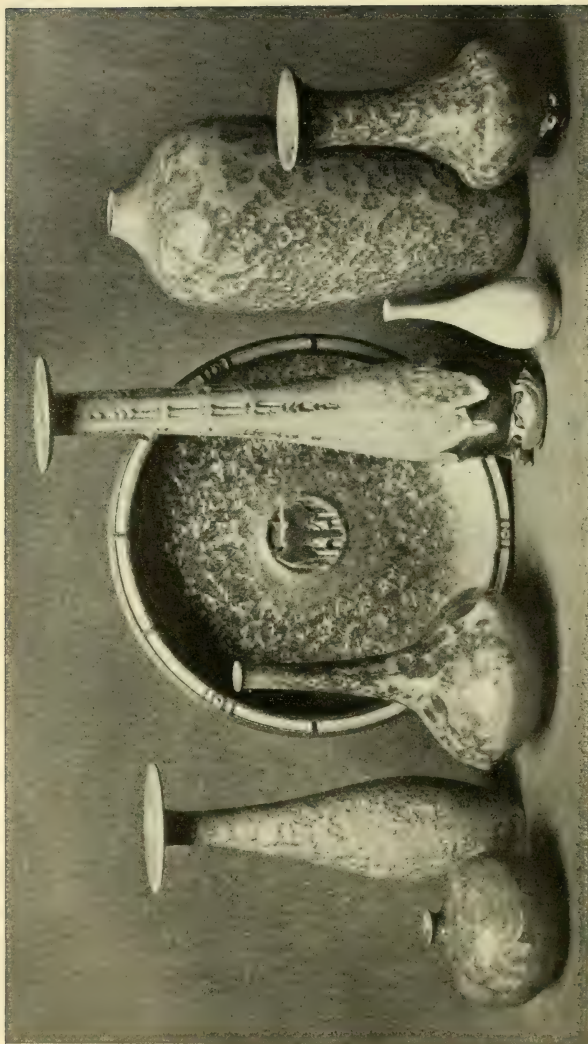
Lewis' net worth, his credit and that of his various concerns, in short, his personal standing in the financial world as of January 1, 1905, prior to these investigations, are very important subjects of inquiry. They have a direct bearing upon his ability to pay in cash for the half million dollars' worth of the original capital stock held in reserve, and the additional subscription he proposed to make up to one million dollars. These questions will come up again, in connection with the proposed bond issue and other steps to raise money for this purpose, which he asserts were frustrated by the attacks afterwards made upon him. Much testimony as to these matters was introduced at his two trials, especially the second. Still more was adduced before the Congressional Committee. No more space need be devoted here to that controversy.

Grave as are the above findings of the inspectors, they may be regarded as incidental to the following conclusions which are evi-



This old hen-house was converted by Lewis into a pottery. Here he acquired the art of molding, firing, and decorating porcelains, aided solely by Taxila Doat's masterpiece "Grand Feu Ceramics," translated by Samuel Robineau. This was the germ of the Art Institute of the American Woman's League

¹Lewis' early attempt at ceramics ²Exterior view of hen-house pottery ³Interior view



Grand Feu Ceramics from the kilns of the Art Institute of the American Woman's League. This is the first serious attempt to develop in the new world this ancient art. Experiments at University City indicate that American bakings are superior to the finest clays of Europe and are available in great abundance. Exhibitions from the University City kilns have been made at the Chicago Art Institute, Boston Arts and Crafts Society, Boston Museum, New York Society of Arts and Crafts, etc. Numerous prizes have been awarded them, including the Grand Prix at the Turin, Italy, International Exposition in 1911.

dently the gravamen of the inspectors' charges. They are thus summed up by Inspector Stice:

THE ALLEGED SHORTAGE.

On March 14, 1905, the special account of E. G. Lewis in the bank books failed to show the receipt by him of \$196,375.63, money received for investment for stock in the bank. Consequently, had his accounts been charged with the whole amount received, according to his own personal record, he was short in his assets that amount and in addition there remains a deficiency of \$75,571.06, which was never entered in the bank books at all, a disappearance of \$271,947.59. * * *

The report of the receiver filed with the county court as of August 16, 1905, shows that up to that time Mr. Lewis had converted, either directly or through loans to the use of himself, his officers or corporations controlled by them, or had loaned on collateral of these corporations \$1,039,622.44, practically one-half of the capital stock.

Concerning the alleged shortage of \$271,947.59, Stice indulges in the following arraignment:

I want to say to the committee that this condition was brought about by Mr. Lewis at a time when he had a free hand, untrammelled by the state bank-examiners, postoffice inspectors, officers of the bank or any other deterring influence. No investigation had previously been made. There was no attack by the officers of the Postoffice Department or the express companies or any of the powerful forces that he characterizes as his enemies. Everything was in his absolute control. Yet he did not and could not account for the shortage. I ask, in the face of the evidence then before the postoffice inspectors, how could any honest officer of the Government, charged with the duties imposed upon him, and obligated under his oath of office, do other than recommend that the officers of the People's United States Bank and E. G. Lewis, be cited to show cause why a fraud order should not be issued.

This alleged shortage was deducted by the inspectors from the comparison of the books kept by Lewis as promoter, described by Inspector Fulton in the following language, with the daily balance book of the People's Bank:

We then called for the liabilities of the bank, in a general way; in other words, what contributions there had been to the bank. Lewis stated it would be practically an impossibility to learn that without calling in all of his preliminary receipts scattered all over the country. Upon further inquiry, it developed that he had kept some fifty or more books that might be called counter-books. They were square pasteboard-covered books, about eight inches wide and ten inches long, contained possibly one hundred and fifty pages, in which he listed the persons who had remitted certain amounts and the sums remitted.

Lines were drawn through some of those items indicating, as he stated, the return of some of those contributions. He suggested that it would be an enormous task to ascertain the facts from these. We agreed with him, but told him it was necessary to undergo that. We made arrangements that this should be done with the aid of clerks and adding machines. The result was that the contributions shown by these counter-books indicate something over \$271,947.59, more, as of March 14, 1905, than he had listed among his assets or evidences of assets upon the books of the People's Bank.

These charges (of which we shall hear much in what follows) show how important it is that these two sets of books—Lewis' sub-

scription books as promoter and the books of the bank as a corporate entity—be clearly differentiated from one another.

THE INCREASE IN CAPITAL STOCK.

The state of facts in question had to do with a coincidence which presented itself in a very different light to the inspectors and the officers of the bank respectively. Fulton, it will be remembered, responding to Vickery's demand for an immediate inquiry, stated that the bank would not be fully installed until March 4. He, therefore, proposed postponing his investigation until that time. Before the Ashbrook Committee he said:

On March 14, 1905, the capital stock was to be increased to \$2,500,000. To facilitate the investigation and render conditions more favorable toward getting at the exact situation, I had requested the chief postoffice inspector for permission to defer further investigation until the bank had placed itself in the position of a going concern. This the chief inspector acquiesced in.

Announcement of the proposed increase of capital stock to take effect March 17 had been publicly advertised, in the newspapers according to law, for sixty days preceding. The inspectors had full knowledge when it would take place. Fulton designedly appeared on the eve of this transaction. Yet, the inspectors allege that the changes on the books of the bank necessary to carry the increase into effect excited their suspicions and directed their particular attention to the alleged shortage of one hundred and ninety-six thousand dollars.

The facts may be briefly mentioned. On March 15, two days before the proposed increase was voted, all the available funds of the bank were transferred by Lewis' direction to the E. G. Lewis Special Account. The amount so transferred lacked precisely \$196,375.63 of the amount of a million and a half dollars required. There is no dispute as to what was done in this emergency. The inspectors and Lewis agree that two notes were placed among the assets of the bank and credited to the E. G. Lewis Special Account, aggregating the sum required to make up the deficiency. One of these two notes, for the amount of \$146,375.64, was alleged by Lewis to represent the promotion expenses of the bank. The other was his personal note for \$50,000. The addition of these two notes to the available cash assets brought this account up to the sum required for the increase in capitalization. This was accordingly paid and went into effect as planned.

The propriety of these two notes has been bitterly assailed on several grounds. The inspectors allege that Lewis had represented that he would himself pay the promotion expenses, whereas, in fact, he admitted having paid them to the amount of a hundred and forty-six thousand dollars from the subscribers' funds. They challenge the propriety of the item of advertising in the Lewis publications of some fifty-two thousand dollars as a wrongful conversion to that concern of the subscribers' money. They allege that many of the

items covered by the schedule of promotion expenses were incurred after the organization of the bank and were, therefore, properly chargeable to operation rather than to promotion. They base a charge of perjury against Lewis upon the ground of his oath to the secretary of state that the increase had been paid in cash.

THE FIFTY THOUSAND DOLLAR NOTE.

As to the fifty thousand dollar note to Lewis personally, the fact that no cash was passed to Lewis when his note was accepted by the bank, was taken as evidence that he had previously drawn the money. Lewis was criticised for borrowing of the bank at all. The security which he offered was deemed improper. Both these items, in fact, have been exhaustively scrutinized and criticised from every conceivable viewpoint. The record on these matters is far too voluminous to be quoted, and as the facts as to what took place are not in controversy, further comment here seems unnecessary. Inspector Stice says:

These two notes were subsequently surrendered by the board of directors to Mr. Lewis without payment, and the money previously advanced to Mr. Lewis never came back to the bank or its stockholders. Yet, Mr. Lewis says he never profited a penny by these transactions. What did he do with the \$50,000? How can it be said that these actions were overwhelming evidence of good faith? Mr. Lewis acted in a fiduciary capacity. He was a trustee under certain conditions which he himself prescribed. I charged in 1905 in my recommendation to the Postoffice Department that this was a wrongful conversion and I believed that it was.

The reader is already familiar with the answer to Stice's query. Lewis did not withdraw one dollar of the \$50,000 in question from the People's Bank. On the contrary, he afterwards paid that sum in cash into the bank from funds belonging to subscribers which he had on deposit elsewhere. Thereupon his note was taken up and canceled.

THE NOTE FOR ONE HUNDRED AND FORTY-SIX THOUSAND DOLLARS.

The first issue raised by the inspectors as to the directors' note for one hundred and forty-six thousand dollars is to the effect that in his representations as promoter Lewis agreed to pay the promotion expenses of the bank itself. A close analysis, however, fails to confirm this statement. Lewis stated in several instances that he was "carrying" the promotion expenses. In furtherance of this claim, he alleges that he caused the advertising of the bank and other expenses incurred by the Lewis Publishing Company to be charged to his account during the promotion period. He also borrowed from various banks and private individuals considerable sums, which he drew upon in course of the bank's organization. No direct quotation is made from any of his literature wherein he agrees definitely to pay all the costs of promotion, although the purpose of the directors' note was to make Lewis and his associates responsible for such portion of that amount as the secretary of state declined to allow as a legitimate charge against the bank. Inspector

Stice on this point made this statement, which is corroborated by the testimony of Fulton, Nichols and Goodwin:

On our second visit the question of promotion expenses came up in connection with the hundred and forty-six thousand dollar loan. Mr. Lewis said that money had been previously expended and that he did not expect to pay the note. The matter would be presented to the secretary of state and whatever was allowed he would take credit for. He did not consider the note of any further value than to file it in place of the money which had been used for that purpose.

A condensed summary* of the items of expense charged to promotion was furnished by Lewis to Inspector Stice. Lewis afterwards furnished to the bank-examiners a more lengthy memorandum, with the vouchers, showing total disbursements of \$286,919.38. From this, however, he crossed off items totalling \$90,543.70, leaving the balance of \$196,375.63 represented by the directors' note for promotion expenses. Inspector Stice alleges that this sum of \$90,543.70 was not accounted for at all. He further says the promotion expenses continued long after the bank was chartered and that the sum of \$9,017.57 was included in the note which was expended after the note was made, namely, between March 17, 1905, and April 5, 1907. He says:

The \$90,543.70 should also have been charged to the Lewis Special Account on the bank's records. The books of the bank showing stock subscriptions would then have agreed practically with the memorandum account kept by Mr. Lewis. The shortage in the bank would have stood on March 14, 1905, at a sum equal to this amount, plus Lewis' note of \$50,000 and the directors' note for promotion expenses of \$146,375.70, or a total of \$286,919.38. Deducting the disbursements made after March 14, the day of the note (but included therein) of \$9,017.57, leaves a shortage of \$277,901.81, as against the total shortage found by us of \$271,947.59. Fully half the items of expense charged to promotion are improper, a large portion being items of expense, salary and operating expenses incurred long after the bank was organized.

On the occasion of our visit in July, Lewis stated that the sum expended for advertising was about \$63,000. On April 8, he stated that the reading matter which appeared in the Woman's Magazine and Woman's Farm Journal was a part of that expense. He submitted a written statement of the number of lines, rate per line, and amount charged in the Lewis publications. He escorted Messrs. Fulton, Sullivan and myself downstairs to the first floor of the office of the Lewis Publishing Company. There he directed the bookkeeper to prepare this and give it to us. A total of between fifty-two thousand and fifty-three thousand dollars had been paid the Lewis Publishing Company for advertising, and some advertising had been done outside.

Lewis was unable to account for this shortage which we found of \$271,947.59, except on the theory that the Postoffice Department compelled him to charge \$52,000 to himself and pay it to the Lewis Publishing Company for the editorials he had written (to be taken from the money of his investors for alleged promotion expenses) and other amounts for operating expenses incurred after the bank was organized. On this point, I desire to say that the Postoffice Department, to my knowledge, never advised Mr.

*The summary gives the following figures: Advertising, \$63,338.27; Postage, \$53,857.50; Salaries, \$22,948.68; Sundries, stationery and printing, \$6,231.28; Total, \$146,375.73.

Lewis in this matter about charging for the advertising expenses. No explanation has been offered by him as to the balance.

WAS THERE ANY SHORTAGE?

These differences of opinion appear to have been due to differences of viewpoint. The inspectors regarded the organization of the bank as having been accomplished, whereas Lewis considered the existing status as preliminary to a five million dollar incorporation. The inspectors do not appear to have inquired whether there were loans by the bank of subscribers' funds outstanding; or other funds in Lewis' possession belonging to subscribers, which had not yet been turned over to the bank. Lewis' theory was that he was acting as agent for the subscribers in the incorporation of the bank and was personally responsible to them individually. He did not consider that he was under obligation to carry the total subscriptions in the People's United States Bank, and there is no evidence of record to the effect that he actually did so. He alleges that he was responsible for the total sum contributed by subscribers and kept a careful account of every penny of actual disbursements. Both the bank-examiners and the inspectors testify that they never had an opportunity to verify the sums refunded by Lewis to withdrawing subscribers on the cancellations of their subscriptions. The inspectors credit Lewis with the amount of \$204,000, but, as we shall see, the sum of two hundred and eighty-four thousand dollars was in fact returned to subscribers before the bank passed into the receiver's hands. The difference in these two items nearly equals and evidently accounts for the alleged shortage.

A conclusive answer to these charges is found in the fact that every subscriber held Lewis' receipt and had the privilege of claiming from the receiver his pro rata in the liquidation of the bank's funds. Lewis' original stock subscription books (the counter-books alluded to by Fulton), upon which the calculations of Stice were based, were turned over to the receiver. All of the subscribers were circularized by him and invited to submit their claims. The receiver, in other words, took cognizance of the sum total of Lewis' collections from the public. Every individual subscriber had his option of exchanging his claim against the bank for cash, for the preferred stock of the Lewis Publishing Company or for Lewis' trustee notes. The sworn statement of the receiver to the court does not make mention of the shortage variously alleged by the inspectors at sums ranging from seventy-five thousand to ninety thousand dollars. The investigation of the inspectors was admittedly a very brief and fragmentary one. The books of the bank as a whole were never in their possession. Their visits were confined to portions of four days, during which their time was chiefly occupied in discussion with the bank's officials. The inspectors are evidently mistaken. The alleged shortage was confined to their own memoranda. It had in reality no other existence.

The widespread dragnet thrown over the United States by the

inspectors' service has failed to disclose a single complaining subscriber who did not get Lewis' receipt for his money. Everyone afterwards got stock in the bank for the full amount of his subscription, or the equivalent in his pro rata of cash, or Lewis Publishing Company preferred stock, or Lewis' trustee notes, at his option. The subscribers know of no shortage. The receiver found none. Nor has the Government been able to establish in court or otherwise the fact that any shortage actually exists. The testimony on this head is limited to that of Inspectors Stice and Sullivan. With so much of explanation the reader must draw his own deductions.

OTHER LOANS OF THE BANK.

There remains for consideration, finally, the inquiry of the inspectors into the loans made by the bank to Lewis and his associates and to the corporations under his control. Dismissing the two notes already mentioned, there remain a series of small loans in sums of from one to ten thousand dollars to the Lewis Publishing Company, amounting in all to about sixty-six thousand dollars, made from the subscribers' funds prior to the incorporation of the bank; sundry small loans to Lewis' associates; a series of loans to the University Heights Realty and Development Company, aggregating over four hundred thousand dollars, and the note of the Lewis Publishing Company to the amount of three hundred and seventy-five thousand dollars—a total amount, according to Stice, of \$842,886.81, exclusive of the two notes above mentioned.

The facts concerning these loans are not only of record on the books of the bank and the minutes of its board of directors. They also appear in the report of the State bank-examiners and of both receivers to the court. The only controversy regarding them is as to the propriety of loans by the bank to Lewis and his associates, and as to the nature and value of the security on which they were made. The inspectors challenge the right of Lewis to borrow from the bank on the score of the representation made in his promotion literature that neither he nor any director would become a borrower of the bank's funds. They also make the direct charge that his loans were in violation of the State banking law. The report of the State bank-examiners at close of business April 1, which was available to the inspectors, thus comments upon such of these loans as were then in existence:

The notes of the Lewis Publishing Company to the amount of eighty-eight thousand dollars bear dates of April 9, 1904, and are in sums of from one thousand to ten thousand dollars. These notes are payable to E. G. Lewis and by him endorsed. They draw interest of 6 per cent from date and are payable on demand. Upon inquiry of one of the local banks as to the financial condition of Mr. Lewis, I was informed that they were extending him a line of credit to one hundred thousand dollars. The report of one of the reliable commercial agencies states that the company had assets, over and above all liabilities, of five hundred thousand dollars. This is exclusive of the Woman's Magazine and Woman's Farm journal franchises.

The note for five hundred dollars of Sterling Brothers is given by a local firm which does bank printing. The note will be taken out of the amount due them by the bank.

The note of \$57,459, given by the University Heights Realty and Development Company is secured by warranty deed to thirty-five acres of land, situated west of Pennsylvania Avenue. The land is deeded to the People's United States Bank. The deed is not recorded, but is held as collateral to secure the payment of this note.

The note of two thousand dollars, made by C. W. Clawson and Cal McCarthy, dated January 18, 1905, bears interest at 6 per cent from date, and is secured by ten thousand shares par value one dollar of the United States Fibre Stopper Company. I have been unable to ascertain the value of this stock, but have heard that it has been sold as low as thirty-five cents on the dollar. Clawson is assistant cashier to the People's United State Bank. The note of Edmund H. Powers for two thousand, five hundred dollars is secured by ten thousand shares in the United States Fibre Stopper Company.

The notes appear to be in a clean condition. The average rate of interest is about five per cent. The quality and value of collateral securing same is doubtful in most cases. The accommodations seem to be limited to E. G. Lewis and his associates and the Lewis Publishing Company.

Under the head of bonds, stock, etc., mention is made of the additional items of two hundred and thirty shares of the par value of one hundred dollars, six per cent preferred Lewis Publishing Company stock, held by the bank for twenty-three thousand dollars; 1,373 shares at par value of ten dollars of the University Heights Realty and Development Company six per cent preferred stock, held at thirteen thousand seven hundred and thirty dollars; and twenty income bonds of the par value of three hundred and fifty dollars of the California Vineyards Company at seven thousand dollars. On these the bank-examiners state they had been unable to get quotations. The security for the additional loans to Lewis and his associated enterprises, subsequent to the investigations of the inspectors and bank-examiners, will appear in their place.

DISCOUNTS OF COMMERCIAL PAPER.

The first of the above items, namely, the notes of the Lewis Publishing Company to the amount of eighty-eight thousand dollars, represent a class of transactions which began almost as soon as Lewis commenced to receive money on his mail bank project, long before its charter was taken out. These consist of discounts of commercial paper received by the Lewis Publishing Company, chiefly in payment for its advertising space. The makers of these notes were for the most part the responsible business houses advertising in the Woman's Magazine, or the great advertising agencies that patronized its columns. They mostly bore not only the endorsement of the Lewis Publishing Company, but of Lewis individually. They could have been discounted at any bank in St. Louis. The St. Louis banks had already handled many hundred thousand dollars' worth of commercial paper similarly endorsed.

The sole reason that Lewis discounted these notes with the funds of the subscribers, both before the bank was chartered and later

with the People's Bank itself, was to give the subscribers the profits that would otherwise have been earned by the St. Louis banks. All the profits thus earned before the bank was chartered were credited to the subscribers. Later, the discounts on these notes went to swell the earnings of the People's Bank. No candid business man would for a moment think of criticising such transactions.

Both the loans to E. G. Lewis, of fifty thousand dollars and of five thousand dollars respectively, were, as we have seen, paid up in full. The directors' note for the promotion expense was canceled by the reorganized directorate. The sequel will show the litigation that followed. The minor loans above mentioned were paid in due course. There remain only the two large loans of about four hundred thousand dollars each to the University Heights and the Lewis Publishing companies, the facts as to which are stated elsewhere in this volume.

THE LOANS TO LEWIS CORPORATIONS.

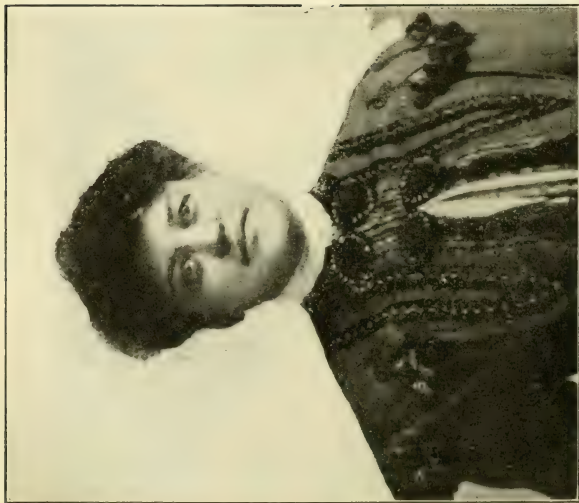
The bank-examiners' comment that the bank's accommodations seemed to be limited to E. G. Lewis and his associates and the Lewis Publishing Company. This state of affairs was the basis of the inspectors' criticism. Viewing the bank as a going concern, they took the existing status as evidence of Lewis' ultimate intent, and argued that if he remained in undisputed control, its affairs were likely to go on from bad to worse. Lewis replies in effect that the permanent directorate could not be organized until the full capital stock had been paid in; that he loaned the money of the bank to his own enterprises, because he knew the condition of his own affairs and was willing to assume individual responsibility for them. He further argues that the large loans to the University Heights and the Lewis Publishing companies were made necessary by the attacks of the State and Federal authorities. Let us see how far these claims are borne out by the evidence.

A number of the most prominent bankers in St. Louis have testified that Lewis requested them to act as officers and directors of the People's Bank; that he wrote a letter to each of the principal banks in St. Louis requesting them to appoint a member of their directorate to serve upon the proposed advisory board, and that he offered the presidency of the People's Bank to more than one of the foremost bankers in St. Louis. The attitude toward these proposals taken by conservative banking men was, however, that they would prefer to wait until the total capitalization had been paid in and the final organization effected. This delay was not of Lewis' seeking.

The advice of a permanent directorate and of the proposed advisory board not being immediately available, Lewis found himself confronted with the problem of investing large sums of money for which he felt he was personally responsible. He was not a banker, although, as he aptly puts it, he already had a good deal of experience in banking from "the outside of the wicket." Neither he nor the People's Bank, however, had any adequate credit system as a



Mr. and Mrs. Lewis about the time of the Worlds Fair in the heyday of prosperity of Lewis' enterprises. Both photographs are excellent likenesses. That of Lewis is perhaps more nearly expressive of his real temperament than any other ever taken. This photograph appeared in his large prospectus of the Peoples' United States Bank, "Banking by Mail," and has frequently been published.



Mr. and Mrs. H. L. Kramer of Kramer, Indiana. Mr. Kramer is president and principal owner of the Sterling Remedy Company, proprietors of "Noto-bac" and "Cascarets." He is also owner of the famous mud baths at the Indiana mineral springs, Maderia, Indiana. He has been for many years Lewis' closest personal friend and staunchest backer. Lewis characterizes Kramer's friendship as among "the fine things of life."

means of investigating and deciding upon proposed investments. Lewis, in fact, had announced his intention of deferring all permanent loans until the final board of directors and the members of the advisory board had been appointed. Meantime, as a business man, he found himself in the position of carrying large sums on deposit in the St. Louis banks at three per cent, while at the same time he was borrowing other sums from the same banks at six per cent with which to carry on his enterprises. The obvious course, to his mind, from the standpoint of his experience as a business man rather than as a conservative banker, was to withdraw his banking business from these other institutions and give his own bank the benefit of the interest charges, discounts and commissions which he was paying.

The attack of the *Mirror*, followed by the rumor of Federal investigation, which as we have seen got into the press the day after the inspectors' first visit to the bank, strengthened this line of reasoning by the added motive of self-protection. His credit began to be impaired. He was threatened with the possibility of his loans in other institutions being suddenly called in. Hence, the large loans to the Lewis Publishing Company and the necessity of deferring the bond issue of \$750,000, which caused the carrying of the loans of the University Heights Company longer than was intended.

The day after his hearing before Goodwin, Lewis appeared before Third Assistant Madden. At this time he touched upon the subject of these loans to the People's Bank as follows:

I have been too optimistic at times. I have told my readers what I intended to do almost as if it were already done. The sun shines all around our building and the birds are chirping all the time. I have told them about the People's Bank. I have helped them organize that bank exactly as I said that I would do. Then came the rumor that I was going to be attacked from so many quarters, that when the sun went down that day it would see the last of me. I did not wait until they got there.

I am a heavy borrower. I must have tens of thousands of dollars to carry on these great enterprises and to get out my magazines at the rate they are growing. I employ nearly a thousand persons, all told, and my payroll is very large. I am able to borrow large sums, because I have always paid when I said I would pay. One of the charges against me is that I have done business on credit, but I do not see how any one can reason that credit is a discredit. Where did I get that credit? I was not born with it. My notes were spread around in the banks of Chicago, New York, and St. Louis to the amount of hundreds of thousands of dollars, because my credit was only limited by what I would borrow. I knew if those men who were engineering that attack caught me with those notes outstanding, largely on demand, neither I nor any other institution in America could stand the cyclone for a single hour.

I saw them coming. I knew first duty was to the people in the bank and to the people who take my magazines, and to those who get their bread and butter from my enterprises. I got my notes in from the other banks and put them into my bank. I did not make any bones about that at all. It was done legitimately and honestly, with the full knowledge of the people interested. They never complained. The stockholders in the bank never said a word. My readers were not the ones that found fault. The

postoffice inspectors in their secret report are the ones that made the charges against that institution.

LEWIS' OWN VERSION.

In addition, Lewis made the following statement at the Ashbrook Hearings:

I want to explain the circumstances under which the large loans were made to the Lewis Publishing Company and the University Heights Realty and Development Company, which have been so severely criticised. My personal means aside from my banking credit, then consisted of my real estate holdings, subject to what I owed on them, and my interest in the publishing company. Following out the promise that I would subscribe to the limit of my personal means, if possible one million dollars, I went to the Royal Trust Company of Chicago, to the Missouri-Lincoln Trust Company of St. Louis, and I believe to one other, and arranged with them to purchase of me a first mortgage bond issue on my interest in the real estate to the amount of seven hundred fifty thousand dollars. I had arranged for further loans. I went up to Mr. Wilbur of the Royal Trust Company of Chicago and borrowed one hundred thousand dollars from them on some of Lewis Publishing Company stock. I had arranged in all for about nine hundred thousand dollars, which was as much as I could secure at that time without agreeing to pledge the bank stock itself as collateral. In other words, I was raising this money not on the bank stock I was subscriber for, but on my publishing interests and my real estate, as I had said that I would do.

The bonds for the real estate loans of seven hundred and fifty thousand dollars were engraved and the papers were all drawn. The necessary advertisements had been inserted in the newspapers. The bonds had been sold almost at par. But when the bonds were delivered at St. Louis by the Western Bank Note and Engraving Company of Chicago, they had made a mistake in the printing of the bonds and coupons. This necessitated the printing of a rider to be pasted on every single bond, or else their all being re-engraved. I have samples of both the original bond and the corrected bond. I took them to the trust companies and they said they could not accept them in that form. They proposed to sell them, and it would necessitate an explanation to every customer and an examination of the records. Consequently, the bonds had to be sent back to Chicago to be re-engraved.

Meantime, when I arranged for this bond issue and had sold the bonds, I took up the real estate loans that I already had, in order to consolidate all that real estate under one first mortgage covering this seven hundred and fifty thousand dollars' worth of bonds. I got all my obligations in the shape of demand loans with mortgages attached to them because, in order to issue the bonds it was necessary to make one transaction of the whole thing.

A new mortgage had to be filed, covering the bonds, including all the parcels of property that came under it. The old mortgage would then have to be canceled so that the bonds would become first mortgage bonds. Then I could deliver them to the purchasers and collect the price with which to pay the banks from whom I had borrowed the money necessary to carry out the transactions. So I had gotten these various loans into shape of demand loans, a very foolish thing to do. The amounts represented a very small proportion of the value of the properties. The situation was dangerous. The unexpected delay of nearly two months in re-engraving the bonds, put me in a position where I might have been called for those loans at any time. Inability to replace the loans in an emergency would have cost me the loss of real estate holdings very greatly in excess of the loans. The first attack in the Mirror came at this time. Then came a despatch to the Hearst newspaper service. It appeared that there was going to be some

sort of an assault on us, but of course, we had no idea where it was coming from or what it was going to be. The large loans to the University Heights and Lewis Publishing companies were made under these circumstances to prevent the complete destruction of our institutions.

The reorganized directorate of the People's Bank, as we shall see, caused an investigation of these loans to be made by an expert auditor. The directors afterwards testified before the Congressional Committee, in substance, that they regarded the loans as being excessive from the standpoint of good banking, on the ground that no bank ought to loan so large a proportion of its assets to any single group of institutions. They testified further that some of these loans were "slow," in the sense that the assets, under the then existing circumstances, were not immediately convertible into cash. They agreed, however, with one accord and testified most positively that the large loans to the University Heights and Lewis Publishing companies were abundantly secured.

Lewis undoubtedly benefited by these loans in the sense of protecting his institutions against the assaults that were made upon them, but in so doing he pledged to the People's Bank nearly all his personal assets in real estate and in his publishing business to an amount far in excess of the sums that he obtained. Each and every one of these loans were inquired into minutely, as we shall see, during his trials in the Federal courts. It is perhaps sufficient in concluding this topic to say that Federal Judge Riner pronounced the evidence of the defendant's (Lewis) good faith in these transactions to have been "overwhelming."

CHAPTER XVIII. THE INSPECTORS' REPORT.

THE FEDERAL SPIES—JUSTICE, THE SOLE SAFEGUARD OF LIBERTY—
THE DREYFUS CASE OF AMERICA—THE ISSUE JOINED—THE
INSPECTORS' REPORT—MADDEN'S OPINION.

The office of the secret spy or informer is one which the entire English race loathes with a sovereign contempt. Men even look somewhat askance at the ordinary detective, because the nature of his employment compels him to act upon the Jesuitical maxim that the end justifies the means. The spy, the informer and the detective have this in common: they most often approach their victim in friendly fashion, under some form of deception or disguise, in order to worm their way into his confidence. Yet they harbor in their hearts the while the deliberate purpose to secretly work his undoing. Men instinctively shrink from these lethal agents as they do from the hiss of the viper, the first whiff of deadly gas or the leprous touch of one suffering from some loathsome, contagious ailment. However useful and necessary to the ends of justice the spy and the informer may be deemed, the instinct of repulsion against their practices extends to and includes their person. Men shun them with a half-unconscious sense that their spirit must be congenial to their tasks.

THE FEDERAL SPIES.

The growth, therefore, of a Federal spy system in America, of such a nature that a man who claims the right of inquisition in the name and by the authority of the President of the United States, may be in fact a secret spy, is repellant to every tradition and sentiment of a great free people. Murmurs have arisen from every part of the United States in recent years of the insidious extension by the Federal authorities of such methods of espionage. Two classes of Federal agents are chiefly named: the special agents of the Department of Justice, and the postoffice inspectors. The Secret Service of the United States, properly so called, is recognized as inevitably necessary. Even the activities of the Department of Justice are viewed with some semblance of toleration. But the extension of the function of the postoffice inspector to include espionage into business practices and the affairs of private life, is a species of abuse of power which has created a vague unrest. Men feel instinctively that it strikes at the very roots of their dearest liberties.

That such practices can exist at all under a representative government is due chiefly to two considerations. The work of the spy is



Lon P. Stephens, ex-Governor of Missouri, and Mrs. Stephens; Director of the Peoples' United States Bank, and Vice-President of the American Woman's League, respectively



Mr. and Mrs. Theodore F. Meyer: the president of Meyer Brothers, the largest wholesale drug company in the world, also president of the National Wholesale Druggist Association; and his wife

Mr. Meyer was a member of the reorganized Board of Directors of the Peoples United States Bank, also a director of the Peoples Savings Trust Company and of the Lewis Publishing Company. He is a member of the Board of Managers of the American Woman's League. Mrs. Meyer is a Vice President of the American Woman's League.

secret. And dead men tell no tales. The reports of postoffice inspectors, when employed in the investigation of business enterprises or of private persons, are carefully hid from public view. They are often denied to Congress, ostensibly upon the ground of public policy, but perhaps in reality from very shame that the paucity and puerility of their contents should be revealed. Thus these secret charges and accusations lie festering in the dark, or are brought to light only to be peered at by privileged officials when required for the purpose of damning the accused, or for the justification of his oppressor. These papers would almost seem to be contaminated with the germs of some fatal sickness, which the pure white sunlight of publicity would kill, and which can only be kept alive in the darkness and seclusion of official archives. If the business reputation and the personal honor of men are to be contaminated by the secret findings of Federal spies, the whole battle of the Anglo-Saxon race for trial by jury in courts of justice and with the right in every man to be confronted by his accusers, must be fought again.

Every system of espionage is justifiable in the eyes of those who profit by it. Neither the spy nor his master can see any impropriety in his proceedings. The officers of government whose duty it is to detect and punish crime must steel themselves to witness the consequences that are inevitably brought upon men by the exposure of their wrongdoing. They become callous to human suffering. Constant familiarity with all forms of guilt breeds, moreover, an attitude of suspicion, and a not unjustifiable presumption that many whom the community delights to honor would, if they received their just deserts, find themselves within the shadow of the law. Such an officer, on the occasion of a serious accusation, is not apt to be scrupulous as to its nature or the source from which it comes. His duty is the detection of crime, if crime there be. His field of achievement is the conviction and the punishment of wrongdoers. His hopes of advancement, tragic as the thought may seem, are inextricably interwoven with the downfall of guilty men. The prosecuting officers of government are, therefore, as apt to welcome the disclosure of guilty secrets by the informer or their detection by the spy, as the military commander is to approve of similar service. In either case every species of deceit that a spy can successfully employ is likely to be condoned.

The public does not know how such information is procured. The services and reports of spies are shrouded in inviolable secrecy. Their findings are set forth in the official charges and indictments which follow in decent language, and purport to be established by the evidence of reputable men. The public accusation, the odium which attaches to the offense charged, the very fact of the indictment, tend to alienate from the accused the sympathies of the public. A *prima facie* case arouses a presumption of guilt which works powerfully to justify any methods of securing evidence that public officials deem it needful to employ. Even such flagrant abuses of

power as the red-hot pincers, the "boots" and the rack of medieval torture, or the more refined but equally brutal methods of the modern "third degree," have been tolerated by public opinion, when they have been applied to actual criminals, and when by their means the ends of justice have been attained.

History has shown that it is only when a judicial murder or other flagrant injustice has been done, by the false witness of the secret accuser or the illicit finding of the spy, that the actual enormity of such abuses of administrative power is brought, in the phrase of Bacon, "home to men's business and bosoms." A spy system may grow up over a long term of years practically unknown and unregarded, only to be destroyed in a night when a popular consciousness of its essential menace is aroused by the discovery that it has been the instrument of judicial wrong.

Nor is it needful that the victim of injustice be wholly guiltless. No citizen is under an obligation to lead a blameless life under penalties which go to a sweeping condemnation of his business and personal reputation and the complete destruction of the fruits of his legitimate labors. The law prescribes penalties which the experience of mankind has held to be suited to the precise character of each offense. After such penalties have been exacted by judicial process, the culprit is entitled once more to the presumption of his future innocence.

JUSTICE, THE SOLE SAFEGUARD OF LIBERTY.

But as to the officials entrusted by the people with the administration of justice, the case is otherwise. Let the agents of government swerve but a hair's breadth beyond the letter of the law; let them commit or condone injustice, however slight, and not the victim only, but the whole body of citizens is injured, and have the right, as indeed they labor under the obligation, of demanding redress. For the law is impersonal. Justice is absolute. The act of the public officer is not his own. It is the act of the whole people.

If any public official suffers his prejudice, his passion or his incompetence to hurry him beyond the limits of the law, and if thereby injustice enters in, it becomes the duty of the people to rectify that wrong, however slight, with arms, if need be, in their hands. For there are no degrees in justice. Nor can the people suffer the shadow of their own injustice or that of their servants to fall upon any citizen, however lowly or however great, without consciously lowering the standard of universal liberty under the law which is their sole defense against oppression.

This instinct, which is innate in the Anglo-Saxon blood, that in no case must a penalty be exacted beyond that which the law and custom of the community prescribes, has caused the English-speaking race to single out the decision of Portia in Shakespeare's "Merchant of Venice" as a symbol of eternal justice:

"Therefore prepare thee to cut off the flesh,
Shed thou no blood; nor cut thou less nor more
But just one pound of flesh: if thou cut'st more
Or less than a just pound, by but so much
As makes it light or heavy in the substance,
Or the division of the twentieth part
Of one poor scruple, nay, if the scale do turn
But in the estimation of a hair,
Thou diest and all thy goods are confiscate."

Has Lewis erred? What man has not! Has he intentionally or unintentionally, consciously or unconsciously, deviated from the strict lines of commercial rectitude, and placed himself within the shadow of the law? Then to the extent of his error and to the full limit of the penalty that the law of such case makes and provides, it was and is no more than right that he be punished. But, in so far as he has done no wrong, and to the full extent that the conduct of his private life and of his various enterprises was blameless, he was and is entitled to the presumption of innocence and the protection of the law. If any servant of the people, be he the President himself, shall have been so far misguided through ignorance, through incompetence, through zeal, through a mistaken fidelity to a misconception of his oath of office, as to pursue Lewis, in consequence even of his wrongdoing, across the line that divides the wrong, if any there be, of which he has been guilty, into the rightful and lawful field of his legitimate career, and there visit upon him so much injury as one breath of baseless slander, the deprivation of a single dollar or the burden of an hour of anxious care, that act is wrong. It is absolutely wrong. Nor can that wrong be borne or purged by any official scapegoat. Let the guilty official suffer. Still, the burden of his misdeeds must lie upon the consciences of the American people.

The tongues of millions have made free for many years with Lewis' good name. In so far as what has been said against Lewis is the truth, he suffers justly. But in so far as lies and slander are being bandied from mouth to mouth, Lewis suffers grievous injustice and indignity. And if it shall appear that so much as a single falsehood has been spread abroad by the servants elected by the people of the United States to administer the ends of justice, not that guilty man alone, but the whole people lie under a burden of guilt from which they must yet be purged.

THE DREYFUS CASE OF AMERICA.

Let this issue be once indissolubly joined, as it was in the case of Dreyfus, and the American people will work it out at the bar of conscience, though they do it with blood and fire. For the case of Dreyfus settled forever the issue between the rights of men and the rights of institutions. The medieval theory of the papacy that the dissenter, the revolutionist, the enemy of the existing order, must, if need be, burn at the stake rather than that the institutions by which society is governed shall suffer, has been dissipated.

In France, the crime for which Dreyfus suffered was not his own. It was the crime of the chiefs of the French army. There had been treasonable communications in high quarters. The effect of public disclosures might be to shake the faith of the people in the integrity of its military system. Such loss of confidence might spell the weakening of the loyalty of the people. It might impair the morale of the army, or even deprive it of needed popular support. The end might be the menace and peril of the dreaded German invasion. So reasoned men high in authority, whose motives seemed to them those of the purest patriotism. Not so reasoned the people. Was Dreyfus guilty? Let him suffer. Was he not guilty? Let him be declared innocent, though the heavens fall. And so the French people brought Dreyfus back to honor, even from Devil's Island.

Is Lewis an American Dreyfus? The fraud order, the withdrawal of second-class entry, the indictments, the petty persecutions of the postal officary, the widespread ruin and the final catastrophe all merge into this single issue. Let us see if this parallel will hold.

In America, the postoffice inspection system is the right hand of the postmaster-general. It is the most powerful agency in the consolidation of his power. The Postoffice Department is not only a vast business organization designed to serve the people. It is an enormous political machine, the greatest existing menace to the American democracy. The postmaster-general, in actual practice, is not primarily the head of the Postoffice Department as business manager. He is primarily the campaign manager of the President, the chief political spoilsman of the party in power.

Let us suppose that a judicial murder has been done, in which postoffice inspectors have been the guilty aggressors. To acknowledge the crime and repudiate its participators would inevitably tend to discredit the service and weaken the grasp of the Administration upon its chief source of political support. Let those in high authority be imbued with the pernicious doctrine that the prosperity of the Nation is bound up with that of the Administration, and that the defeat of the dominant party at the hustings is equivalent to national calamity. Might it not well seem to them that the mere life of a single citizen or the utter destruction of any enterprise or any group of enterprises were, by comparison, a negligible thing?

Upon the one hand stands the citizen surrounded by the wreck and ruin of his enterprise, fastened to the public pillory and bearing the brand of fraud upon his brow. Upon the other is the compact array of the postal inspection service, the rank and file of the post-office officary in every city, town and hamlet, the entire administrative organization of the Government, and even in the background the Federal judiciary itself, in so far as it is capable of being swayed at critical moments by the prestige and patronage of the Administration. Such a choice, mayhap, is not one before which the chief

spoilsman of any political party would long falter. But if he err, if the sword of justice be cast into the opposing scale, the time must surely come when he shall see arrayed against him the solid phalanx of the people.

THE ISSUE JOINED.

Such, and no other, is the issue raised by the report of Postoffice Inspectors James L. Stice, William T. Sullivan and Robert Fulton, on the People's Bank. If these men had come to Lewis' door as citizens making inquiry, they would hardly have won past the office boy. They were men of most ordinary capacity. Stice had been head bookkeeper for a coal company, where he directed another clerk or two. Sullivan had been publisher of a country weekly. Fulton, inspector-in-charge, was a fledgling lawyer. Neither man could command a salary in commercial business in excess of thirty or forty dollars a week. Lewis would not ordinarily have dreamed of attempting to explain the character of his enterprises to men who in the very nature of things were incapable of any adequate understanding. His associates were the presidents of the greatest mail order houses, advertising agencies and banking institutions of America. He had spent months canvassing with these men his projects, winning from them the tribute of their approval and applause. Why should he turn from such men as these and submit to the inquisition and exactions of Robert Fulton and his underlings? Simply, because they presented themselves in the name and with the authority of the people of the United States. And the people, whose commission they bore, are answerable at the bar of absolute justice for the conduct of these men and for every consequence that has flowed, or shall flow, either directly or remotely through to the bitter end from any act of theirs.

THE INSPECTORS' REPORT.

The inspectors' secret report on the People's United States Bank bears date of May 17, 1905. The popular demand for a Congressional inquiry, reinforced by a political upheaval which altered the political complexion of the lower House of Congress, has at length dragged this document forth into the light of day. This is the report procured by Betts from Inspector Sullivan (who composed it), and largely quoted in the Post-Dispatch Extra of May 31, 1905. Let us see what it contains. The opening paragraph follows:

We have the honor to submit the following report on Case No. 39,640-C, relating to an alleged scheme to defraud by E. G. Lewis of the People's United States Bank located at Winner Station, St. Louis, Missouri, at what is called University Heights addition, the result of personal investigation begun March 14, 1905, and continued from time to time since. Before entering on the case, a brief history of Mr. Lewis' career for the last ten years may be of interest as showing something of his conduct and character during that period.

The thirteen paragraphs following (set forth in a preceding chapter) are evidently based upon the allegations of Nichols to the inspectors. The character of Nichols and his animus against Lewis

has been shown. The inspectors admit that they accepted his statements unverified and incorporated them into their report as matters of fact over their own signatures. Three falsehoods occur in the opening paragraphs. Lewis was said to have been in debt for his board, whereas, in fact, he was not boarding, but keeping house. Otto Stoelker was represented as having from grief and humility committed suicide, whereas, in fact, he is still living. Lewis was charged with having induced the sheriff, "by fraud and deception, to loosen up on a car of Anti-Skeet, which Lewis shipped out of the state." This is pure fabrication. The whole alleged history of Lewis' career is highly colored from being viewed through the green glasses of Nichols' jealous rancor.

The thirty-three paragraphs next following purport to be chiefly extracts from Lewis' articles in the *Woman's Magazine* with the inspector's comment thereon. The latter will be quoted as indicative of the tone and temper that characterizes the entire report:

E. G. Lewis began to advertise the "Postal Bank and Trust Company" in the February, 1904, *Woman's Magazine*. Lewis says in this article, among other misrepresentations: "Now I want you to co-operate with us in organizing the greatest bank in the world. A few dollars from every family where the *Woman's Magazine* goes would mean millions of dollars of capital, and we stand ready to co-operate with you dollar for dollar so that you and we own this great bank equally." Up to the present time Mr. Lewis has not co-operated to the extent of a single dollar of his own money.

The fact of subsequent changes in the plans of the bank and corresponding modifications of its promotion literature is nowhere mentioned. The report proceeds:

In the June, 1904, edition of the *Woman's Magazine*, after dilating and enlarging on the safety, security and prosperity of banking in general, and holding out seductive and brilliant prospects for all to get into a postal bank at its organization, as participants in the greatest bank in the world and sharer of its enormous profits, which will bring wealth in a short time, E. G. Lewis says, among other things:

The extract is omitted. The inspectors' comment is as follows:

In the July, 1904, *Woman's Magazine*, two whole pages are devoted to exploiting the "People's United States Bank." The efficient promoter, E. G. Lewis, herein discloses himself as a profuse writer, a shrewd promoter, a genius of more than inventive tact (sic) and pledges his private fortune, the Lewis Publishing Company, his other holding in wildcat schemes, and his sacred honor to the success of this enterprise in the name and for the love of the people.

The impropriety of the characterization of any citizen, and especially the president of a two million, five hundred thousand dollar bank in language so intemperate and abusive, in an official report by a responsible officer recommending to his superiors the destruction of that institution, is manifest. The gravity of such accusations obviously demands that they be discussed at least with judicial tone and temper, if not in a spirit of fairness, and with a disposition to allow the accused the benefit of every reasonable doubt. The Anglo-Saxon spirit of fair play, which finds expression in the Americanism, "a square deal," would seem to demand

that the authors of such a report as this should have been severely reprimanded, and at least directed to restate their findings in a proper manner. The whole document would unquestionably have been vitiated if read in evidence before an American jury. An atmosphere of assurance, of implacable hostility and of envenomed malice breathes from every line. Many of the comments and conclusions stated are obviously impertinent and irrelevant. Counsel for the defense, upon cross-examination, would have literally torn into shreds this basic document which underlies the fraud order, and is directly responsible for the ensuing calamities to the stockholders of the bank and the associated interests.

The next comment by the inspectors, after extensive quotations from the *Woman's Magazine*, bears upon representations of Lewis as to the proposed directorate of the bank, and especially the following statement: "The officers and directors can not borrow or use a dollar of its funds," on which point the inspectors comment as follows:

On March 15, 1905, the capital stock was increased to two and a half million dollars, and the increase of one and a half millions was entirely paid in out of subscriptions March 18, 1905. To make whole those subscriptions which had been partly used by Lewis in other business, the sum of one hundred ninety-six thousand dollars was borrowed from the bank on March 15, 1905, by Lewis and his directors, that could not be bought.

This comment, in view of the circumstances above described, must be characterized as false, misleading and totally gratuitous.

Relative to the foregoing (i. e. additional quotations from the *Woman's Magazine*) let us state here that on March 18, 1905, * * * not a single dollar of E. G. Lewis' money had gone into the bank. He told Bank-Examiners Cook and Nichols, April 3, 1905, that he had not paid one cent of the capital stock out of his individual funds, and that it was a mistake to have issued nine hundred and fifteen shares of capital stock in his name. He took a pen and canceled the certificate for nine hundred and fifteen shares in their presence. Later in the same day, after consultation with some of the directors (who are not embarrassed with the acquaintance of experience of banking) he claimed that two shares of the stock should have been issued to him, otherwise he could not be director or president. He accordingly issued two shares of stock to himself.

On April 8, 1905, in reply to a question propounded by Inspector Sullivan, he said to Inspectors Fulton, Sullivan and Stice that it was a mistake to have canceled the certificate for nine hundred and fifteen shares of stock made by the bank-examiner. When asked what had become of the other nine thousand shares of the original capital stock, Lewis claimed he was entitled to nine thousand nine hundred and fifteen shares. He said that he had paid \$495,750 of his own funds of the original half-million paid in. The truth is that he had not paid one cent. His charter was secured on the false statement that there was paid in by him \$495,750, when in fact it was paid in by subscribers.

Evidently the inspectors are depending as to the foregoing largely upon their recollection of verbal statements, as to which they are contradicted in essential details by the sworn testimony, both of the bank-examiners and of Lewis. The report of the inspectors is not made under oath and was so privileged that the authors were aware

that no responsibility would attach to them for any misstatement of which they might be guilty. Such testimony would obviously be valueless in any court of law.

After commenting on Lewis' articles in the *Woman's Magazine* for October, November and December, the inspectors remark as to the last article as follows:

He again pledges his honor, his property and the Lewis Publishing Company and appeals to the help of God to carry on this work, making the broadest and most philanthropic appeals to the people to stand by him in honesty and sincerity.

As to Lewis' January (1905) article in the *Woman's Magazine*, the inspectors comment in part as follows:

The most of the article is devoted to how the bank will make profits, the erection of a new bank building, how to save money by sending it to the bank, and generally advertising E. G. Lewis as the greatest benefactor the world has ever known, or is likely to hear of in the future.

Thereafter follows a statement as to what purports to be "A careful checking of the subscription books of E. G. Lewis on April 10 and 11, 1905, by Inspectors Sullivan and Stice, assisted by Clerks Byers, McBurney, Fawcett, Miller, Boland and Eitman, showing receipts of subscriptions to capital stock to a total amount of \$2,124,539 as of March 31, 1905, the latest then entered upon the subscription records. Some of the entries on subscription records were marked 'canceled,' others had a line drawn through them, others were marked 'duplicate,' etc. A careful compilation of all these by Clerks Byers and McBurney aggregated credits of \$204,993.65, which, being deducted, left \$1,919,545.35 as net receipts." Next follows comment upon the transactions connected with the increase of capital stock above narrated, after which is inserted the following schedule:

The account of E. G. Lewis in connection with funds received and disbursed in this general transaction properly stated for March 15, reads as follows:

RECEIVED.	
Subscriptions for stock.....	\$2,114,926.67
Demand subscriptions.....	46,074.50
Collection subscriptions.....	128,042.44
Total	\$2,289,043.61
Due to balance account.....	84,049.96
DISBURSED.	
Paid capital stock.....	\$ 500,000.00
Paid capital stock.....	1,500,000.00
Deductions claimed for cancellations, etc.....	204,993.65
Total	\$2,204,993.65

The item of \$204,993.65 is unverified by us, and it is our opinion that this amount is overstated. We called on Mr. Lewis for vouchers showing these disbursements, but he refused to permit a personal verification at that time, although he proposed to produce this evidence at a later date. The two items of demand and collection subscriptions are also unverified, and it will be understood that this statement is made up from figures furnished by Mr. Lewis.

This statement shows that E. G. Lewis has actually paid every cent of the two million dollars capital stock which has been paid in, out of subscriptions which he received, and that not one dollar of his individual money has been used in the transaction.

It further shows that E. G. Lewis had used \$196,375.63, which was received from the dear people as subscriptions for stock in the bank, for his own individual purposes—practically embezzled that amount from the trust funds deposited with him—and only made it good in notes when he found it necessary to pay in the capital stock without encroaching on his "private fortune, his sacred honor, and the Lewis Publishing Company" which had been pledged to put up dollar for dollar with the subscribers.

The impropriety of such phrases as "dear people," "practically embezzled" and the like is manifest. The circumstances here described were specifically testified to at both of Lewis' trials and no evidence of embezzlement was shown. On the contrary, the evidence of good faith was held by Judge Riner to have been "overwhelming."

The formal response, under oath, of Lewis as president of the bank to the citation based upon this report, certifies the total amounts refunded to subscribers, as of June 17, 1905, on account of the withdrawal and cancellation of their subscriptions, as in excess of two hundred and eighty-four thousand dollars, or approximately eighty thousand dollars more than the amount allowed by the inspectors. This difference, added to the item of one hundred and ninety-six thousand dollars, made up of Lewis' note and that of the directors for promotion expenses, exceeds the total alleged shortage charged by the inspectors of two hundred and seventy-one thousand dollars by the sum of two thousand dollars. The inspector's "opinion" that the "item of two hundred and four thousand dollars unverified by us is overstated," is admittedly pure guesswork. Yet former Postmaster-General Cortelyou has testified that he would in the last analysis accept the statement of a post-office inspector against that of the legally approved and duly qualified bank-examiners of the state of Missouri!

The circumstances connected with Lewis' note of fifty thousand dollars are next set forth, and thus commented upon:

The collateral to secure the fifty thousand dollar note is an agreement on the part of Lewis to execute a mortgage when he obtains a title. If he never takes a title, the security is worthless. The other note is unsecured, but it is alleged that this will be paid when the items charged to promotion expenses are allowed by the secretary of state. Then it will be paid from the earnings of the bank, or in other words by the stockholders. * * * When these notes were placed in the bank as an asset, no money was paid to the bank, hence they were placed there to cover money previously used by Lewis. So that he was short, according to his own records on March 14, 1905, \$196,375.63.

Of the balance of \$84,049.96 shown to be due the stockholders on March 15, 1905, by the above table of receipts and disbursements, Lewis had on that day a balance of \$3,745.90 in the special account, and \$4,733 in his collection account, leaving a balance of \$75,571.06 of the subscription trust fund still unaccounted for, which Lewis had used in other concerns.

As above stated, the difference between the total amounts paid

back by Lewis to subscribers and the fraction of that amount allowed by the inspectors, more than wipes out this alleged shortage.

Next follows a description of the entries in the bank books in connection with the increase in capital stock, with the following comment:

The special account of E. G. Lewis for the bank was increased \$375,238.47 by the shifting of funds, deposit of notes and the covering into the bank of moneys used by Lewis, all consummated, as we believe, in consequence of our investigation and with the design of deceiving us with reference to the true state of accounts.

There is no evidence, other than the inspectors' "belief," of any such design. The entries in question were necessitated by the increase in stock and are capable of full and satisfactory explanation in that relation. The inspectors are evidently mistaken in this opinion. They give themselves undue credit.

Next comes the following paragraph:

On April 8, 1905, E. G. Lewis stated positively to Inspectors Fulton, Sullivan and Stice that of the original capital stock paid in (five hundred thousand dollars), he himself had paid in \$495,750, and the other seventeen persons who are named as organizers of the bank had paid in \$4,250. If this statement was true, which in our opinion it is not, then on March 15, 1905, E. G. Lewis was an embezzler of \$575,571.06 of the funds previously remitted to him for stock subscriptions to the bank.

A comparison of these statements with the facts of record above cited will show that they are capable of justification upon no theory whatsoever. The report continues:

In this connection, permit us to revert to the literature sent through the mails in which Lewis claimed to be paying all the expenses of promoting this bank and that he was putting up dollar for dollar with all the subscribers for stock in the bank, and to say, further, that in the bookkeeping department of the Lewis Publishing Company on April 8, 1905, we found a record showing that E. G. Lewis had drawn a salary from the bank from July, 1904, to February, 1905, inclusive, amounting to \$16,598.55. . . .

This charge was repeated in the Post-Dispatch and generally published in the newspapers throughout the country. Lewis thereupon complained to the Postoffice Department and, as has been seen, Inspector Stice was directed to verify this item. He reported to the Department that it was an error. The item was not properly salary, but was in reality work and labor. The entire amount had been drawn by employees and no part of it had been received by Lewis. No effort on the part of the Postoffice Department to give publicity to the fact that this charge had been made under a misapprehension, is of record.

Next follows an excerpt from the charter of the bank giving the names of the incorporators, and in that connection attention is called to the fact that the first Board of Directors were employees of the Lewis Publishing Company. Then comes an extract from one of Lewis' promotion letters, and a further extract from the Woman's Magazine of January 23, 1905, stating that the subscription books closed as of December 24 with ninety thousand

subscriptions to the stock. A further quotation is given in which Lewis stated his plan for trusteeing one million dollars of the stock of the bank, holding half a million dollars to be sold on the installment plan, and placing another half million with bank officers and other influential persons to secure their advice and co-operation. The inspectors proceed:

The remainder of this article is devoted to showing how great the profits are to be and encouraging savings depositors and the profit-sharing certificates of the bank, and still soliciting additional subscriptions to the capital stock.

In the March, 1905, *Woman's Magazine*, E. G. Lewis devotes about five columns on pages thirty and thirty-one to advertising and exploiting the People's United States Bank, telling how the bank is to make money for its stockholders, and is to be the most profitable bank in existence, and saying that through the fees coming into the legal department of the bank it will pay its expenses; that the bank will be run cheaper than other banks, not costing over fifteen per cent of others; and generally trying to inspire confidence in himself as its head. The savings deposit, the certified-check system, the profit-sharing certificate system, and the expected income and profits are largely paraded, and solicitation is made for deposits. The Bank Reporter is promised, which is to be the bank organ and expositor in future. The impression sought to be made is that Lewis became rich enough through the Lewis Publishing Company, and will make everybody else rich, or at least comfortable, who will join this enterprise.

After commenting on Lewis' article in the *Woman's Magazine* for April and the publication called the Bank Reporter, the inspectors proceed to set forth their views as to the value of the Lewis Publishing Company:

In advertising and exploiting the People's United States Bank, and in trying to convince the public that the bank would prove a profitable and advantageous investment to the stockholders from the day the bank was organized, E. G. Lewis kept prominently before the public, and particularly the readers of the *Woman's Magazine* and the *Woman's Farm Journal*, the building up of these two publications from a capital of \$1.25 in the year 1900 and the enormous success which the Lewis Publishing Company had attained in these four years, arising chiefly from the inventive genius, the organizing ability, tact, and shrewdness of E. G. Lewis, and arguing from this standpoint that the bank, engineered and promoted and managed by this same world-astonisher, would bring untold wealth, prosperity, financial power, and great riches to any person who would invest in same, even to the extent of one dollar, promising himself to put in dollar for dollar for every dollar put in by all his patrons. He claimed that the Lewis Publishing Company is now earning an annual profit of from one-quarter of a million to one-third of a million dollars a year, and had erected the "great office-building of the *Woman's Magazine* and *Woman's Farm Journal* for cash, without mortgage or lien, at a cost of over a half million dollars, in five years, from a start of \$1.25, showing what can be done, if enough people combine to do it, even at ten cents per year each."

Then follows extracts from the April and June numbers of the *Woman's Magazine* to the same effect, after which the inspectors insert a statement of the Lewis Publishing Company furnished them by Lewis as of March 14, 1905, upon which statement they thus comment:

Analysis of the assets given above shows that one and a quarter million dollars thereof consists of the franchise or privilege of mailing the two publications as second-class matter at the rate of one cent per pound. This franchise only one of the publications possesses. The Woman's Magazine is being mailed on a temporary permit of the postmaster at St. Louis, Mo., on an application filed in 1899 (three years before the Woman's Magazine had existence) for same privilege to the Winner Magazine, made by the Mail Order Publishing Company. Hence, these are improper assets and do not exist in fact. Deduct this amount from the assets and, without questioning the remaining assets, the total assets would be \$951,326.45. Pay off the liabilities due banks, notes for supplies, and special loans (with which the "great office" was built), aggregating \$593,592.71, out of the assets, and there would remain only \$357,733.74, and the surplus would have been absorbed and the capital stock impaired.

This analysis shows (sic) that the Lewis Publishing Company did not build its "great office" building with "cash and without mortgage or lien," and clearly indicates that its great earning power is far below "a quarter to a third of a million dollars per annum." The fact is, the Lewis Publishing Company has long been doing business on credit, and so has every other company with which E. G. Lewis has been associated. The only companies with which he has been connected which have been able to meet expenses, independent of assistance, are the World's Fair Contest Company (a lottery, pure and simple), and the Lewis Publishing Company, during the year 1904, and both these companies did business on borrowed money. Lewis states that he was enabled to build up the Lewis Publishing Company from a capital of \$1.25 to its present earning power of from a quarter to one-third of a million dollars a year by borrowing at needed times approximately two million dollars. (See his answer to question 28, dated April 4, 1905.) All the other companies were in debt in 1904 and are in debt today; hence, the necessity for organizing the People's United States Bank, in order to have ready cash from which to supply the harassing needs of the struggling companies. The actual earning power of the Lewis Publishing Company is certainly much less than he attributes to it; but, in his system of shifting funds from one to another, making the strong help the weak, it is difficult to determine what its earning power really is.

The function is here assumed to be inherent in the office of post-office inspectors to sit in judgment upon the values and methods of accounting of large business enterprises, and, on their unaided judgment, to make deductions for the guidance of a great administrative bureau. Certified public accountants have testified that the Lewis Publishing Company was, in fact, highly prosperous during the period in question. Duly qualified experts have under oath assessed the franchises of the two publications which the inspectors stigmatize as "purely theoretical assets" as in excess of the sums at which they were carried on Lewis' books of account. By what license do they—an ex-bookkeeper of a coal company, a former publisher of a country weekly and a fledgling lawyer—presume to embody in an official report these baseless slanders? By virtue, forsooth, of a commission whereby they stand in the place of and embody the authority delegated by the people to the President, and by him to the postmaster-general, of the United States.

By order of Lewis, two statements were furnished the inspectors by Will Ahrens, bookkeeper of the Lewis Publishing Company.

The first showed the consolidated receipts of the company for the first quarter of 1905. The second, the same statement of receipts and expenses for each month separately. Upon a comparison of these the inspectors make out a difference in the two reports of \$56.85 upon the side of earnings and \$1,020.85 upon the side of expenses. The former item was shown by Lewis at the Hearing before Goodwin to have been an item of interest earned during that period. The latter was due to an error in addition by Inspector Sullivan, which, according to the testimony of Inspector Stice, Sullivan freely acknowledged on the same occasion. On examination Inspector Fulton admitted that he did not detect this error. Nor, he said, did he consider it any part of his duty as inspector-in-charge to verify the additions or other statements of the inspectors' reports. This difference of one thousand dollars between two statements furnished the inspectors was published in the Post-Dispatch as among the items which aroused their suspicions. The newspaper-reading public had no subsequent knowledge that this charge was due to the inspectors' error in a very simple addition.

The inspectors next comment on the fact that the cost of advertising the Woman's Magazine and Woman's Farm Journal in other publications was not charged to expenses during the quarter in question, and if so charged, would have reduced the earnings by that amount. This charge in itself betrays total ignorance of the publishing business. The cost of advertising done during the quarter preceding a financial statement would be ordinarily regarded as an asset or investment rather than as an expense.

The report next discusses the loans of the bank to the Lewis interests, to the total amount of \$411,203.18, upon which this comment is made:

Thus, before the increase in capital stock from one million to two and a half million dollars, E. G. Lewis, for himself and the companies in which he is financially interested, had taken from the bank \$411,203.18 of the half million dollars paid in as capital stock by the original subscribers to the bank stock. This action was in direct violation of that part of the State banking law under which the bank was incorporated, which reads:

"No officer or director of the bank shall be permitted to borrow of the bank in excess of ten per cent of the capital and surplus without the consent of a majority of the other directors being first obtained at a regular meeting and made a matter of record. * * * No bank shall lend its money to any individual or company, directly or indirectly, or permit them to become indebted or liable to it to an amount exceeding twenty-five per cent of its capital stock actually paid in."

The statement of the inspectors that the loans of the bank to Lewis enterprises were in direct violation of the banking laws of Missouri is absolutely false, as inspection of the minutes of the bank will most conclusively demonstrate. These inspectors were not lawyers, nor did they possess a knowledge of the minutes of the directors, upon which to base either an individual judgment or an

inquiry of counsel. They simply guessed that these loans were lawless, and their guess was wrong.

From the foregoing statements the inspectors deduce the following conclusions:

Therefore, Edward G. Lewis, having devised and intending to devise a scheme or artifice to defraud the subscribers to the capital stock of the People's United States Bank, which scheme then and there consisted in obtaining money subscriptions for stock in said bank, by exaggerations and misrepresentations of the security, safety, and profits to accrue to said subscribers of stock, and promising to put in of his own funds dollar for dollar for every subscriber, and then organizing said bank so that Edward G. Lewis could and would control the same without the voice of its stockholders therein, and use the funds subscribed, or a large portion thereof, for his own purposes and benefits, by use of the Postoffice establishment of the United States, in furtherance of such scheme did deposit in the United States mails at Winner Station, St. Louis, Mo., certain letters, pamphlets, magazines, circulars, and books, representing that said bank would be one of the greatest organizations of the world; that its capital stock would be worth several times per the day the charter was granted; that its expenses would be only fifteen or twenty per cent of banks doing a like amount of business, while its profits would be many times greater; that, from the certified check system alone the earnings "will be nearly a quarter of a million dollars per year," and that Lewis would subscribe for a million dollars of the stock and "every dollar of my profit will go to increase the reserve of the bank each year," and it (the bank) "will be the financial guardian of a million homes," and as to its safety and security he stated five propositions:

First. The bank is governed by officers and directors, but they can not loan its funds to anyone and can not borrow from it themselves.

Second. By our system, its loans are passed on, and the greatest part of them are guaranteed and secured by other banks with the best collateral.

Third. The entire capital of five million dollars will be invested exclusively in Government bonds and State bonds and the most gilt-edged securities.

Fourth. * * *

Fifth. My own stockholdings of one million dollars (one-fifth of the capital) are trustee so that their entire earnings go into the reserve fund of the bank, thereby adding each year greatly to the value of your stock holdings.

The inspectors then declare that these and sundry other propositions which they attribute to Lewis, are untrue. The language used has been quoted, in substance, in Betts' story from the Post-Dispatch. Next is printed the proxy which has been previously quoted from the Post-Dispatch. Commenting on this, the inspectors say:

On April 8, 1905, Mr. F. V. Putnam, cashier of said bank, stated to Inspectors Fulton, Sullivan and Stice, in the presence of E. G. Lewis, that 4,381 shares of the increased capital stock had been issued and in every instance the stockholders had signed the foregoing proxy and waiver before the certificate of stock was issued.

The statements made under oath at Lewis' examination by the secretary of state in this connection are here totally ignored.

The inspectors thus characterize the collateral loan feature of the bank:

It is untrue that the great profits, which Lewis represented in literature sent through the mails would accrue to the bank, could possibly accrue to the bank as represented, and Lewis, recognizing this fact, devoted a long article in the May, 1905, Woman's Magazine to a scheme of turning the bank into a pawnshop and accumulating riches out of the diamonds, gold watches, and gold bullion pawned to the bank on loans at eight per cent interest, and melting up the gold watches and bullion pawned as pledges for loans and forfeited to the bank.

No form of language could convey a notion more preposterous or more diametrically opposed to probability than that Lewis' motive in copying the collateral loan feature of such institutions as the Mont de Piété of France (of which, presumably, the inspectors had never heard) was the recognition by him that the great profits he anticipated would not accrue.

The proceeding whereby Lewis placed at interest the funds of the subscribers which were in his hands and credited the interest earned pro rata to the various subscribers is thus characterized by the inspectors:

Special attention is invited to correspondence of E. G. Lewis with Miss F. Ellen Ayars, New Richland, Minn., rural route No. 2, which shows that under date of September 17, 1904, Lewis mailed her a receipt for one dollar, "for a corresponding amount of shares of stock in a People's Mail Bank or Trust Company" (envelope enclosing same being postmarked September 20, 1904), and under date of December 9, 1904, he sends demand for an instalment of twenty-four dollars on her subscription of twenty-five dollars to stock of People's Postal Bank, to be sent not later than December 20, 1904. It appears that she did not remit the twenty-four dollars, and on March 2, 1905, he mails her a passbook, with a credit of one cent dividend on her one dollar remittance for stock. He was therefore paying a dividend of about two per cent per annum at a time when the bank had not earned a dividend and was practically insolvent from the misuse of funds received for capital stock.

This conclusion is not only pure guesswork. It is totally erroneous and can be justified upon no hypothesis whatever.

Lewis' attitude in relation to the investigation is set forth as follows:

The investigation of this case, which, at the beginning was apparently courted by E. G. Lewis, was afterwards much hampered and delayed by him when he found we desired to verify every account and representation, and on the 21st ultimo, when Inspectors Sullivan and Stice called to verify the credits to which Lewis was entitled to returns of remittances for capital stock, cancelations, withdrawals, alleged duplicates, etc., found on original records of subscriptions for stock, Lewis practically informed us that we had "gone the limit" in the investigation; that his girl clerks were scared to death every time the inspectors or state bank-examiners visited his office, and were circulating it over the city that the bank was in a bad way and was likely to go out of business; and that Inspector-in-Charge Fulton's letters sent out had cost him over eight thousand dollars in withdrawals of money sent in for stock or deposits. He then proposed that we leave with him a list of the credits which we had found, and he would withdraw all papers relating to same, and then allow us to verify them. We have not yet had that opportunity.

The net conclusion of the inspectors is conveyed in the concluding paragraph of the report as follows:

We have already demonstrated that a large portion of the funds secured by E. G. Lewis for stock of the People's United States Bank through misrepresentations and exaggerations sent through the mails, were misappropriated and used by Lewis, and believe if the bank be continued and increases of capital stock thereto be granted from time to time, enabling him to have excuse for additional solicitations of more money, either as additional capital stock or deposits, that great and enormous frauds will continue to be perpetrated by said Lewis, and we, therefore, recommend that a fraud order be issued against the People's United States Bank, its officers and agents as such at St. Louis, Mo. We will submit the evidence and facts obtained as early as practicable to the United States attorney for the eastern district of Missouri, with a view to criminal prosecution for using the mails in furtherance of a scheme to defraud.

Very respectfully,

(Signed) WM. T. SULLIVAN,
J. L. STICE,
Postoffice Inspectors.

To Mr. Robert M. Fulton,
Inspector-in-Charge, St. Louis, Mo.

May 17, 1905.

Report examined, approved and forwarded to chief inspector.

R. M. FULTON,
Postoffice Inspector-in-Charge.

MADDEN'S OPINION.

Former Third Assistant Postmaster-General Madden thus comments on the above report, in his statement to the Ashbrook Committee as attorney-in-fact for the Lewis Publishing Company:

The first part of the report is devoted to a "brief history of Mr. E. G. Lewis's career for the last ten years." It then goes on to make liberal quotations from the literature alleged to have been sent out by Lewis in the promotion of the bank, and arrives at conclusions as to the fraudulent intent thereof. This is followed by statements of the bank's financial affairs as disclosed in the inspectors' investigation of its books. The report closes with a recommendation that a fraud order be issued against the bank and its officers. It then says that the matters reported upon will be laid before the United States district attorney with a "view to criminal prosecution for using the mails in the furtherance of a scheme to defraud."

The report does not state or refer to any statute which authorizes such an investigation. It does not state that any person had complained of having been defrauded. It does not state what bearing the past history of Mr. Lewis had upon the right of the bank to use the mails.

I had fifteen years' experience in the postal service and I am unable to recall an instance where any other bank in the United States, and especially a State institution, was so investigated and reported upon to the postmaster-general. I have searched in vain for a statute which authorized any such proceeding.



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Group of men whose activities brought about the destruction of the Peoples United States Bank
 William Marion Reddy, editor of the "St. Louis Mirror" "Robert M. Fulton, post office inspector in charge at St. Louis from December, 1904, to March, 1908" Howard E. Nichols, formerly secretary and treasurer of the Mail Order Publishing Company and other Lewis enterprises; the original informer against the Peoples United States Bank "Russell P. Goodwin, assistant attorney general for the Post Office Department from May, 1904, to the present day, who recommended the fraud order against the Peoples United States Bank" Goodwin is believed by Lewis to be his arch enemy, and has been freely cartooned and characterized in the Lewis publications as the only unreviewable judge in the United States



Group of men who have acted for creditors of the Lewis enterprises John H. Williams, controller under the reorganization of April 11, 1911 Selden P. Spencer, receiver of the Peoples United States Bank, July 1, 1905, to July 19, 1905 Matt. G. Reynolds, receiver of all the Lewis enterprises from August 2, 1911 Frederick Essen, receiver of the Peoples United States Bank from August 15, 1905, to March 30, 1906

CHAPTER XIX.

ORDER NUMBER TEN.

THE FRAUD ORDER PROCESS—THE CITATION TO WASHINGTON—THE LAWRENCE MEMORANDUM—STATEMENT OF GENERAL SHIELDS—THE RESPONSE OF THE BANK—GOODWIN'S REPORT TO CORTELYOU—GOODWIN UNDER THE PROBE—AFTER THE HEARING—ORDER NUMBER TEN.

One of the grievances that led our forefathers to rebel against the Throne of England was the authority claimed by King George and his ministers to hale them three thousand miles across the seas to stand trial at the seat of Imperial power. The courts of England are surrounded with all the safeguards of English liberty, wrested from King John in Magna Charta and interwoven in the very warp and woof of English law. The Colonists were guaranteed trial by a jury of their peers. They had the right to a presentment of the accusation against them. They could claim the right to be confronted in open court by their accusers. They demanded more! They insisted upon an open and speedy trial at or near the locality of the supposed offense. They denied the privilege of the Majesty of England to subject them to the expense of the distant journey over seas, the cost of transporting witnesses for their defense, and the dangers of confronting a jury unfamiliar with the customs, modes of thought and state of public sentiment and opinion surrounding the accused. Let us see how well we of the present generation are preserving the traditions of liberty which we have received as a priceless heritage from the fathers.

THE FRAUD ORDER PROCESS.

The law which grants the postmaster-general the right to issue fraud orders does not prescribe that the accused shall have any trial whatever. The postmaster-general may act upon information furnished him by the inspectors, if it is "satisfactory to him," without attempt at verification and without giving the accused any opportunity to set up his defense. There has been no parallel in history to the power thus lodged in the postmaster-general of the United States, except such curiosities of absolute despotism as the infamous *lettre de cachet*;* or the absolute license over the life and property of the subject which is the privilege of the Asiatic despot.

This extraordinary power of the postmaster-general of the United States to brand a man as a fraud, and to destroy his enterprises

*This was an executive order whereby the French Louis' without trial or hearing of any sort, were wont to throw men into political prisons by the mere stroke of a pen.

without trial and without warning, is among the divisions of his authority which has been delegated to a subordinate. This function is attached to the office of the assistant attorney-general for the Postoffice Department. To provide against being misled into oppression or injustice by an interested or ignorant informer, it has become the practice of that officer to give a hearing to the accused. A citation is first served upon persons charged by postoffice inspectors and others, with the fraudulent misuse of the mails. This directs them to appear at the seat of Government, and show cause why a fraud order should not be issued against them.

This monstrous power has been, so far as the public is aware, usually employed with intelligent caution. It has been directed for the most part against the meanest and most injurious class of frauds. These facts have served to blind the eyes of the easy going, tolerant masses of the American people to the possibilities of injustice and oppression that thus obtain. For the accused, within the wide latitude of the discretion of the postmaster-general, has no rights that the assistant attorney-general for the postoffice is bound to respect. So perverted is this method of procedure that it is even deemed a privilege for the accused to be haled to Washington! The opportunity of presenting his defense is not a right, but a favor! It may be withheld at the pleasure of the official in charge. The expense to which a man is thus subjected in comparison to that of a hearing before a local magistrate appears to be utterly disregarded. The frequent impossibility of bringing the most important witnesses thither, or the hardships to which all concerned may be subjected in leaving their homes and business for such purposes, are overlooked. The possibility of ruin from the scandal of such citation is forgotten. Nothing is weighed in the count, except the convenience of the Federal official, at whose mercy the citizen is thus placed.

The hearing itself under such circumstances can scarcely be other than a farce. The presiding officer is not part of the judicial system of the Nation. He is bound by no constitutional safeguards. He is restricted by no regulations of procedure. He is outside the constitutional Bill of Rights. He is accountable to no one except his immediate superior. He may admit such evidence as he sees fit, and exclude that which he pleases. He is in his single person both judge and jury. And by one of his assistants, he is the prosecuting officer as well. He listens to such defense as the accused may see fit to make. He asks such questions as his sense of justice or his curiosity may dictate. He weighs the matter as much or as little as he will. He forms his own decisions upon considerations known only to himself. Finally, he dismisses the case or recommends to the postmaster-general that a fraud order shall be issued. His recommendations are commonly adopted by his superior as a matter of routine.

A sinister feature of this entire process is the fact that the information upon which the assistant attorney-general for the post-office acts as to the fraud order, comes as a secret report of Federal spies of the postoffice inspection service. It is one of the fixed principles of the Department, that this report must not be disclosed to the accused. The only argument advanced in support of this policy, which is totally at variance with a fundamental principle of English jurisprudence, is that the names of informers who under pledge of secrecy have laid accusations against men before the post-office inspectors must not be revealed. The citation served upon the accused is supposed to contain the substance of the charge. But the names of the accusers are withheld. Neither the informer nor the inspector is subjected to cross-examination. The language in which the charges are clothed is totally concealed. Thus, all evidence of prejudice, bias, malice, is wholly hidden. All the finer evidences of meaning, which may be read between the lines of written documents, are lost to observation. The accused and his counsel are practically fighting in the dark.

A still more questionable feature of the fraud order process is the fact that the inspectors who bring the accusation are members of the same service as the assistant attorney-general who sits in judgment. They are often personally known to him. They belong to the same official world in which he temporarily moves. They profit by the subtle freemasonry of official life, which enables those within the circle of its charm to obtain the ear of persons in authority at will. Let any man be accosted by two persons on the same subject, of whom one is known to him personally or officially, and the other is a total stranger: to whom will he listen and give heed? Let the postoffice inspectors recommend a fraud order in their secret reports; let them have access to the ear of the assistant attorney-general for the postoffice; let them confirm their official findings by the weight of their personal influence; in such a case the defense of the citizen must be strong, indeed, if he can break down the barrier of prejudice thus built up.

THE CITATION TO WASHINGTON.

The report of the inspectors reached Washington on May 19, addressed to Vickery, chief postoffice inspector. Under the ordinary routine it would be referred by him without comment to the office of the assistant attorney-general for the Postoffice Department, then as now, Russell P. Goodwin. Goodwin appears to have turned the report over to his assistant, E. W. Lawrence. The testimony of Betts would indicate that Fulton followed immediately and remained in consultation with Vickery and Goodwin until the citation under date of May 25 was issued. During this interval a short memorandum of the inspectors' charges was condensed from their report by Lawrence, and forwarded with the citation. As this latter is brief, it is here reproduced as follows:

Office of the Assistant Attorney-General for the
Postoffice Department, Washington, May 25,
1905.

The People's United States Bank and E. G. Lewis,
St. Louis, Mo.:

Inclosed herewith is a memorandum outlining certain charges, which, by direction of the postmaster-general, are under examination in this office, to the effect that you are engaged in conducting a scheme or device for obtaining money or property through the mails by means of false or fraudulent pretenses, representations, or promises in violation of sections 3929 and 4041 of the Revised Statutes as amended, a copy of which is also sent herein. It will be observed that these statutes authorize the postmaster-general to prohibit the delivery of mail and the payment of money orders addressed to or drawn to the order of any person or company found to be using the mails in the operation of a scheme or device of this character.

It is desired that you make reply to the charges set forth in this memorandum, and June 16, 1905, is designated as the day on which the case will be considered. Your reply must be in writing. It may be forwarded by mail or you may present it in person or by attorney at that date and supplement the same by oral argument. Should you fail to make answer by the date named, the case will be considered and disposed of in your absence.

Very respectfully,

R. P. GOODWIN,
Assistant Attorney-General for the Postoffice Department.

THE LAWRENCE MEMORANDUM.

The memorandum of Lawrence opens as follows:

E. G. Lewis, operating under the name of The People's United States Bank has been for over a year, and is now, engaged in selling shares of stock in the corporation organized by him, named The People's United States Bank. He is effecting sales by means of false and fraudulent representations and is receiving large sums of money through the mails. Among the false and fraudulent representations and promises which Mr. Lewis has made to obtain this money, are the following:

The next twenty-nine paragraphs, comprising the bulk of the document, are brief excerpts from Lewis' promotion literature quoted by Lawrence from the report of the inspectors. These are summed up by the following comment: "It is charged that the above quoted statements are false and fraudulent in every particular." The memorandum goes on:

During the last ten years Mr. Lewis has been identified with the following enterprises: * * * Many of these schemes have been failures, the practices of Lewis in conducting them have been questionable and some of the schemes have been fraudulent.

The remaining nine paragraphs are a brief summing up of fifteen specific charges culled from the inspectors' report. The memorandum concludes: "I recommend that the People's United States Bank and E. G. Lewis should be cited to show cause why fraud order should not be issued against them."

The entire memorandum comprises no more than about four

*Here follows a list including Lewis' early ventures and enumerating also an electric railroad company unnamed, concerning which Lewis has no recollection and there is no other information obtainable.



Members of the firm of Barclay, Fauntleroy & Cullen, counsels for Lewis in his many legal conflicts, and associate counsel C. D. O'Brien. Since 1902 this firm has been continuously retained as counsel by Lewis at each important crisis in his career. Lewis has been indicted twelve different times, and engaged in numberless civil suits. Every indictment (save two) has been voluntarily dismissed or shown by Lewis' counsel to have been illegally obtained. Among the victories won for Lewis are the decision of the Supreme Court of Missouri, that the receivership of the Peoples' United States Bank was unlawful, Lewis' vindication in the Federal Courts and the verdict for thirty thousand (\$30,000) dollars against John J. Dillon, publisher of the Rural New Yorker, for libeling the American Woman's League and the Peoples' University.

Patrick H. Cullen, Thomas T. Fauntleroy, C. D. O'Brien, associate counsel in both Lewis' trials in the Federal Courts. Judge Shepherd Barclay, Lewis' chief counsel.



Group of men prominently associated with Lewis as officers and directors of his various enterprises
 216. E. Miller, formerly secretary of the Lewis Publishing Company and afterwards treasurer of the Lewis Publishing Company.
 217. I. P. Richards, founder and president of the Richard Pressrooms Company.
 218. V. Putnam, former cashier of the Peoples' United States Bank.

thousand words as against about sixteen thousand words employed by the inspectors. The intemperate language of prejudice and passion in which the inspectors' charges were couched is decently kept from view. By no stretch of imagination could the reader of this memorandum conceive the bitterness and hostility that characterized the original document, or the force, extent and particularity of its contents.

The officials of the bank thus placed upon their defense, but without adequate knowledge of the charges against them, made ready their response as best they could. They presented themselves on the prescribed date for the hearing before Goodwin. The informal nature of this proceeding is seen from the fact that no official stenographic report such as is customary in courts of justice was taken. The testimony of Goodwin on this head at Lewis' trial is as follows:

I made some inquiries of Mr. Lewis at the time of the hearing, but I am not now certain what statements were made by him in response. No record was kept by me or under my direction of these proceedings which would show all of Mr. Lewis' statements. There was a stenographer employed by him to take the testimony, who was there during the entire hearing. There was also a stenographer whom I understand to have been a clerk in the Postoffice Department, present part of the time, but not all of the time. No complete, accurate record of all Lewis' matters, or matters urged in his defense, was kept by me.

This statement was corroborated by that of Goodwin's assistant, Lawrence, who testified as follows:

I have never seen a verbatim report in possession of the Government officials concerning that hearing, and no such official has ever told me they had such a report. There was no stenographer representing the Government. A Government stenographer was present, but I understand he never wrote out his minutes. He relied largely on the stenographer whom Mr. Lewis had there. That stenographer promised to give him a transcript of the evidence. I understand that the transcript was never written up. I have never seen a transcript of the proceedings, nor a transcript of the argument of counsel, except a written response which was submitted.

The stenographer who was present on behalf of the officials of the bank had so much difficulty with his notes that a dispute afterwards arose as to his compensation. His notes were never written up, with the exception of the remarks of counsel. An imperfect transcript of these is available. The vice of such a proceeding appears from the fact that the verbal evidence of Lewis in his own defense was not before the attorney-general when his opinion as to the legality of the proposed fraud order was requested. Neither was its force felt by the mind of the postmaster-general in arriving at his ultimate decision. The absence of any official record of the hearings permitted Goodwin and Lawrence, at Lewis' trial, to depend wholly upon their recollection as to the latter's statements. Naturally enough the circumstances which seemed to justify their course of action were green to memory, whereas the particulars of Lewis' defense had passed almost entirely out of mind. On the occa-

sion of Lewis' first trial, in November, 1907, Goodwin, after stating his position and the fact that he had held that office "three years last May," responded specifically and without hesitation to a series of questions on the part of the Government attorney, designed to substantiate the charges upon which the prosecution was based. On cross-examination for the defense he testified in substance as follows;

I am a member of the bar. The proceeding in which Mr. Lewis made these statements was a citation issued by me as attorney-general for the Postoffice Department to show cause why a fraud order should not issue. The citation was issued because of a report of the inspectors which contained the charges against Mr. Lewis. It was my duty to recommend to the postmaster-general his actions. I was exercising what lawyers call a quasi judicial function to show whether an order should issue cutting off Mr. Lewis from the benefit of the privilege of the mails. That citation also included the bank which was in theory and law a separate entity from Mr. Lewis.

I do not remember that Mr. Lewis said he had advanced money for the organization expenses other than the note for one hundred and forty-six thousand dollars, but I would not say that he did not. I understood the bank was already organized. I do not think he said it was in process of organization. He did not tell me he was arranging his affairs so as to contribute the amount of money that he had already subscribed to the stock when the capital of the bank was increased to five million dollars. I do not think he told me the stock was to be increased to five million dollars. I don't remember any statement that he made in regard to the use of his own funds in the promotion of the bank. He did not state that he had arranged the loans of the University Heights property upon bonds to the amount of seven hundred and fifty thousand dollars, or that the Metropolitan Insurance Company of New York had agreed to take them. I think he said something about preparing to issue some bonds, but I don't remember his stating that the issue of bonds had been delayed by a mistake in the lithographing. I do remember he said the property was worth about seven hundred and fifty thousand dollars, but, as to the issuance of the bonds, I think there was nothing definite.

I don't remember just what Mr. Lewis said about consultation with prominent bankers in St. Louis as to the advisory board. I challenged him on this subject and asked him whether he had created it or not. I am inclined to think he did say something about having consulted someone, but can not say positively. Mr. Lewis said he considered the loans of the bank good. I don't remember any statement in regard to collateral. The question of the sufficiency of the securities pledged with the bank for these loans would be a matter of some importance, but not material—merely incidental. I would not have considered the fact that the loans were amply secured controlling by any means. Some days after the hearing, I received several affidavits, purporting to be from real estate men in St. Louis, as to the value of this property. I am not sure that there were no affidavits at the time of this hearing. It may be that there were one or two. I don't remember any statement about any bank in Chicago offering to take one of the Lewis Publishing Company's loans, or another bank offering to take the real estate loans. Mr. Lewis stated that the directors were prominent business men. I did not understand that Directors Carter, Stephens and Coyle were connected with other banks at that time. It may be that they were. I don't remember.

I think Mr. Lewis did say that all he asked was to be permitted to meet the requirements of the Department and save the bank. As a result of the hearing I recommended to the postmaster-general the issuance of a fraud order against both Mr. Lewis and the bank.

Lewis' defense on his trial, at which this testimony was given, was conducted by the same counsel (in part) as his defense at the hearing. The questions as to statements made by Lewis, of which Goodwin had no recollection, were formulated by counsel who were guided by their own positive knowledge as to what statements were actually made.

STATEMENT OF GENERAL SHIELDS.

The clearest report covering the hearing as a whole, as viewed by the defense, is to be found in a statement prepared by Hon. George H. Shields, of counsel for the bank, sometime assistant attorney-general under President Harrison. This was prepared under date of August 12, 1905, at the request of Lewis. General Shields says:

You asked me to state what took place before Hon. R. P. Goodwin, assistant attorney-general for the Postoffice Department, in reference to the fraud order against you and the People's United States Bank on June 16, 1905.

A few days before that date I had been employed to assist Judge Barclay in presenting that matter before the Postoffice Department. On that day we appeared before the said assistant attorney-general. After introductions he stated he was ready to hear our reply to the charges, a memorandum of which, signed by Hon. E. W. Lawrence, assistant attorney, had been previously sent to you and the bank.

We replied we were ready to hear what the Government had to offer in support of the charges, and were informed that the report of the postoffice inspectors who had investigated the subject had been read by Hon. R. P. Goodwin, that the facts stated in these reports were assumed to be true, and, that unless they were satisfactorily explained by the respondents, action would be taken on the assumption that the charges were true.

The respondents filed answers in writing to the charges, under oath, denying the same, that of the bank being general and your's being more specific and explanatory.

We insisted that as the charges were quasi criminal the Government should sustain the same by testimony. The reply was that the reports of the inspectors were before the assistant attorney-general; that the said reports had been read by him and would be considered as true. We asked to see the reports of the inspectors and to cross-examine them on their said reports. This was refused on the grounds that the reports were confidential.

No witness or documentary testimony was offered on the part of the Government. The respondents were informed that they could offer anything they had in reply to the charges. Finding we could not see the reports or hear what the Government relied on to sustain the charges, the respondents then offered both oral and documentary testimony on their behalf. The counsel for the respondents were permitted to argue the matter as best they could, without knowing what was contained in the very voluminous and secret report of the postoffice inspectors, and without the privilege of examining them on their report.

Counsel for the Government made no argument. A motion was made by the respondents to dismiss the proceeding for want of jurisdiction and because the respondents were not permitted to see or hear the evidence against them, and on other grounds violative of their constitutional and legal rights. The assistant attorney-general refused to pass upon this motion.

In addition to Lewis' verbal statements and those of counsel, the defense submitted a written response. A solemn denial of the charges comprising the Lawrence memorandum was made by the reorganized directorate of the bank and by Lewis individually. Both were verified under oath. In addition, the respondent entered the following protest:

This respondent objects to the vague and indefinite nature of the said charges which appear to be a summary of the report of inspectors of the Postal Department of the United States, which report has at no time heretofore been delivered or submitted to this respondent and of the particulars whereof he is ignorant, except from information derived from the alleged publication thereof in the Post-Dispatch, a daily newspaper published in the city of St. Louis, in its issue of May 31, 1905. This respondent protests against being required to answer to specific allegations, the precise terms of which have not been exhibited to him otherwise than as aforesaid.

THE RESPONSE OF THE BANK.

The response then alleges that the quotations from Lewis' promotion literature are in many instances "inaccurate, garbled and wrested from their context in a manner materially to affect the meaning thereof as understood by the reader." The respondent also protests that, in many instances, the paragraphs of quotations have been "composed of materials drawn from several different publications at widely separate intervals of time, separated from the context and conveying a totally different representation from the original." And further, that these excerpts "constitute a very small and immaterial portion of the descriptive matter which the respondent issued, concerning the formation and organization of the bank." The quotation which appears in large type in the beginning of the pamphlet "Banking by Mail" is then quoted with especial reference to the following sentence:

It is, of course, understood that such modifications as may be found necessary for best accomplishing the end desired will be made under the advice of skilful bankers, but the plan as outlined here is essentially the one that I intend to carry through.

The nature of the subscription blank in which the subscribers appointed Lewis their agent with full powers "to organize and incorporate said bank upon said terms with such directors and under such laws as may be considered by you best suited for the purposes intended," is dwelt upon. Copies of the original subscription blanks are incorporated as exhibits. The Lawrence memorandum was next analyzed, in full detail, and specific reply was made to every allegation. An affidavit of Francis V. Putnam, the cashier, was put in evidence, showing him to have been a bank official of many years' experience and explaining in some detail the manner of operation of the bank. The response includes also an affidavit of the board of directors, reciting the reasonable market value of the University Heights Company at seven hundred and fifty thousand dollars, and the plant of the Lewis Publishing Company at four hundred and fifty thousand dollars. These estimates were supported by the

affidavits of the builder and architect as to the value of the plant and of five of the principal real estate experts of St. Louis as to the value of the real estate property. The response concludes with a motion in due form for a dismissal of the charges.

The following is an excerpt from the report to Congress of Postmaster-General Hitchcock, in 1911, on the Bartholdt bill, providing for the reference of the claim of the Lewis Publishing Company for damages to the Court of Claims.

Previous to the issuance of the fraud order * * * * Mr Lewis and his counsel were heard at length. Upon the conclusion of the hearing the assistant attorney-general reported in writing to the postmaster-general the facts, together with his recommendation that a fraud order be issued. This report set forth a complete statement of the case, and the fraud order was issued for the reasons therein stated.

GOODWIN'S REPORT TO CORTELYOU.

Goodwin's report to Cortelyou is inserted at this point in the postmaster-general's response. It is made up chiefly of quotations from Lewis' promotion literature and from the inspectors' report. This document is dated June 26, 1905. It opens as follows: Memorandum in regard to the People's United States Bank, its officers and agents as such, and E. G. Lewis, St. Louis, Mo.

The letter of Secretary of State Swanger of June 5, 1905, previously quoted from the Post-Dispatch, is published at length, but no reference is made to Swanger's subsequent letter to Fulton written on June 12. This was in the hands of Goodwin five days prior to the hearing. This official communication from the banking department of Missouri was to the effect that the newly elected board of directors was acceptable to the State authorities and, in Swanger's opinion, would carry out his recommendations in full. The omission of any reference to this letter should be taken in conjunction with Goodwin's statement, "the fact that new directors have been substituted for some of the old ones, does not materially affect the purposes of this inquiry." Evidently his recommendation of the fraud order was based upon the supposition that, fraudulent representations having been made, the bank could not be redeemed. The effect of the fraud order upon the officers, depositors or stockholders does not appear to have been seriously thought of. No discrimination was suggested between the innocent and the guilty. The fraud order was evidently regarded as a punitive measure. The alleged misconduct of Lewis and his associates was construed as placing them beyond the pale of mercy. The effect of the proposed drastic action was held to be chargeable to the promoter of the bank and a necessary consequence of his wrongdoing. The possibility that the directorate of the bank, as reorganized under the supervision of the secretary of state, might save the institution to the stockholders and depositors, does not appear to have received any consideration whatever.

The report concludes with this summary:

At the hearing the point was made by attorneys for the bank that, if it should be decided that false and fraudulent representations and promises had been made to obtain remittances for stock, a fraud order should not issue against the bank, but only against Mr. Lewis, as the payments for stock were all sent to him. I am unable to take this view.

* * * I am unable to see how it is possible to separate the bank and Mr. Lewis in this matter. He has been, and is, in absolute control. The bank is his creature. All of the money which the bank has received for capital stock and on deposit, and which it is now receiving, and will receive, is the result of the false and fraudulent representations of Lewis.

The sole duty of the Postoffice Department in this matter is to protect the investors and depositors, and prospective investors and depositors. I have carefully considered the facts in this case and all possible courses of action, to see if the interests of the investors and depositors could better be protected by some action other than the issuance of a fraud order, but in view of all the facts in the case, especially the facts that Mr. Lewis is in control of the affairs of the bank and has now loaned to himself and his companies over nine hundred thousand dollars of the funds of the bank, I am of opinion that the Postoffice Department, which has been and is the principal agent of Mr. Lewis in this enterprise, should demand an immediate accounting, that it is my duty to recommend the issuance of a fraud order against the People's United States Bank, its officers and agents as such, and E. G. Lewis.

R. P. GOODWIN,

Assistant Attorney-General for the Postoffice Department.
The Postmaster-General.

GOODWIN UNDER THE PROBE.

Goodwin was closely cross-examined by Lewis, himself, at the Ashbrook Hearings in Washington, in February, 1911, as to the sources of this report and recommendation to Cortelyou and as to the evidence submitted by him to the postmaster-general. He asserted that the moving considerations in his mind were not only the inspectors' report, but, also, Lewis' verbal testimony at the hearing, and the contents of his promotion literature. He admitted that the inspectors' report was withheld from the accused in accordance with the fixed policy of the Department, but asserted that Lewis was free to cross-examine the inspectors, and that they were free to answer any questions that might have been asked, even though their answers had revealed the contents of their reports. Asked why, in that case, the report was not frankly submitted as a basis of cross-examination, Goodwin could give no reason other than such was not the custom of the Department.

Lewis' cross-examination was based chiefly upon his formal response and that of the bank, submitted under oath to Goodwin at the hearing. A careful analysis by Lewis showed that a large portion of the charges embodied in the Lawrence memorandum accompanying the citation did not appear in Goodwin's report to the postmaster-general. Goodwin was unable to recall whether these charges had been answered to his satisfaction at the hearing or not. A large number of additional charges were included in Goodwin's report to Cortelyou. Goodwin asserted that these additions grew out of the verbal testimony at the hearing. He alleged that they were based upon portions of Lewis' promotion literature, which

had been read during the hearing, and upon which Lewis had been cross-examined. He admitted that no stenographic report was taken and that no part of the verbal testimony submitted by Lewis in his defense was transmitted to the postmaster-general, except as embodied in his report. He asserted that, according to his recollection, all the documents in the case were transmitted to the postmaster-general, but was unable to recall specifically whether or not the written response of the bank was thus submitted. That document does not appear in the list of exhibits contained in his report. Whether or not it was actually before the postmaster-general is problematical.

The salient fact to be grasped is that the findings of the inspectors were in effect accepted by Goodwin as true and were held by him not to have been controverted by the respondent. The short of the matter appears to be that Goodwin took the inspectors' word against Lewis' oath and that of the bank's directors. The vice of the whole proceeding is manifest in that the overwhelming tendency of the inspectors' report to discredit Lewis and impeach his veracity, was uncontroverted in the mind of Goodwin, because the report was not submitted to the accused as the basis of cross-examination. The issue of veracity was sharply joined. Goodwin was forced to support the inspectors and discredit Lewis, or support Lewis and discredit the inspectors. There was no alternative. Once the fixed principle of accepting the findings of the inspectors as true had been adopted by Goodwin, the end was inevitable. The inspectors reported in substance that Lewis was not a credible witness; hence, if Goodwin believed them, he could not accept Lewis' testimony even under oath.

AFTER THE HEARING.

At the close of the hearing before Goodwin, occurred the first hearing before Third Assistant Madden upon the inspectors' reports recommending that the second-class mailing privileges be withdrawn from the *Woman's Magazine* and *Woman's Farm Journal*. During the same day by appointment of Congressman Bartholdt, Lewis, accompanied by the directors of the bank, was accorded a personal interview with the postmaster-general. The directors state positively that they had Cortelyou's personal assurance of a further hearing before himself before any adverse action would be taken upon the result of the hearing before Goodwin. The officials of the bank, therefore, satisfied of the merits of their cause, reassured by the apparent friendliness that had obtained during the hearing, and relying upon Cortelyou's personal promises, returned to St. Louis in the belief that the worst was over and that the bank had before it an opportunity to restore confidence and rebuild its fortunes.

The response of Postmaster-General Hitchcock to Congress, in 1911, further recites that after receiving Goodwin's reports and before deciding his action on the case, Cortelyou called upon the

attorney-general of the United States for advice as to his legal authority in the premises. In response to this request Acting Attorney-General Henry M. Hoyt, on July 6, 1905, advised the postmaster-general that the proposed fraud order would have the sanction of legality. Cortelyou, in the course of a lengthy deposition taken in the case of the People's United States Bank vs. Goodwin and Fulton for libel, says:

I do not recall whether or not I personally dictated the letter transmitting the papers to the attorney-general. As I recall it, all the essential papers were sent—all the papers that had any vital bearing. I mean that certain reports would have no particular bearing on the matter on which we wanted a decision. Under the rules of the attorney-general's office, you have to tell him specifically on what you want his decision. We asked as to our authority on certain features of this case. We did not transmit all the papers, because he would have returned them with a statement that he did not render opinions on that basis.

Oh, yes, his opinion recites that "from the facts stated I am of the opinion." Of course an opinion upon an incomplete statement of the facts on file would not be proper. But I understood that all the essential papers were forwarded. If he had any doubt, the attorney-general would have come back and asked us if we had any further papers. We understood he had gotten everything we had on the case.

I do not recall that Mr. Lewis came to me after the hearing before Judge Goodwin and asked that, in the event a fraud order was contemplated, he be given a further hearing before me. I certainly did not promise to give him a hearing and then not give it to him. The postmaster-general can not presume to hear all these various matters. It would be utterly impossible.

Mr. Cortelyou when asked to identify the letter written by Secretary of State Swanger to Fulton on June 12, 1905, said, in substance:

Unfortunately, what was expected as stated in that letter, was not done. Furthermore, we did not attach the same weight to what had been done that the secretary of state of Missouri did. The reports made to me by the inspectors were that Mr. Lewis did not do what was expected of him by Mr. Swanger. I did not go out and ascertain personally, nor did I call upon Mr. Lewis for evidence. That was all reported to me in Washington. I was advised of what was done and what was not done. I do not know whether that letter was sent to the attorney-general or not. In the last analysis I would take the statement of the inspectors as controlling rather than the statement of Mr. Swanger.

ORDER NUMBER TEN.

The foregoing review brings us up to the evening of Sunday, July 9, 1905, on which, according to newspaper reports, Postmaster-General Cortelyou, after receiving Hoyt's opinion that the fraud order could be legally issued "upon the facts as stated," remained in his office until midnight awaiting advices from St. Louis, presumably from Inspector-in-Charge Fulton.

We may imagine Cortelyou sitting at his private desk alone, with the documents in the case gathered about him. Whether or not the jacket containing the original complaints, including the letter of Howard E. Nichols and Reedy's articles in the Mirror, were brought to Washington for his inspection, is not of record. Cor-



Mezzanine floor, Woman's Magazine Building

¹Private office of Mr. Lewis, as president of the American Woman's League ²Private office of John W. Lewis, manager of the University Heights Realty and Development Company



Mezzanine floor, Woman's Magazine Building

¹*Private office of Mr. F. V. Putnam, treasurer Lewis Publishing Company* ²*Private office of Mr. W. E. Miller, secretary*

telyou in his deposition states that he had no recollection of the name of Nichols. He remarks that there were many letters transmitted by the President's secretaries to the postmaster-general which he never saw. Certainly there were before him the inspectors' report and Goodwin's report with its exhibits. These were accompanied by some form of memorandum of what was alleged to have taken place during the hearing. Possibly, also, he may have had the written response of Lewis and of the bank, and Hoyt's opinion. What complaints, if any, other than those of record may have been in Cortelyou's possession is, of course, unknown. What information he may have had from unofficial sources remains a mystery. He has sworn that his opinions were formed upon Goodwin's findings and those of the inspectors, and in the absence of positive evidence to the contrary, his deposition is conclusive.

The secretary of state of Missouri, it will be remembered, had announced to a reporter of the Post-Dispatch that the State authorities could not legally take any further action against the bank, but that if the Federal authorities issued a fraud order, then the State authorities would intervene and place the bank in the hands of a receiver. Upon the eve of the hearing a representative of the secretary of state had presented a letter of inquiry from the secretary of state of Missouri to the postmaster-general. Judge Selden P. Spencer acknowledges having been the bearer of such a letter. Cortelyou testifies that he knew the promises of the board of directors were not being carried out to Swanger's satisfaction. What representations may have been made by this or other messengers, and what private understanding, if any, may have been arrived at, is problematical.

The visions that arose before the mind of Cortelyou during these hours of vigil are probably known to no one other than himself. He must have foreseen the ruin of the People's United States Bank, the dispersion of its employees, and the blemish placed for all time on the reputation of Lewis and his associates. He must have been aware of the disappointment of the hopes and expectations of the stockholders and depositors scattered everywhere throughout the country. He must have known that great outcry and public scandal would arise. Never before had a postmaster-general directed a fraud order against so great and conspicuous an institution. Criticism by Lewis and his followers was inevitable. All the resistance of which the friends of the institution were capable was to be anticipated. Upon the hypothesis of the inspectors, Cortelyou must have expected that the loss to the stockholders would be very great. For the inspectors held that Lewis' securities were of doubtful value and they stated that more than one million dollars of the funds of the institution were loaned upon no other collateral. The fraud order would necessarily cause the further depreciation of these securities. The net conclusion in the mind of Cortelyou must have been that

the loss on the loans to the Lewis enterprises would be very nearly, if not quite, total.

Lewis' articles in the *Woman's Magazine* and other promotion literature which were before the postmaster-general contained numerous references to the competition of the People's United States Bank with the express trust, in the sale of money orders and otherwise. They also set forth Lewis' beliefs as to the future power and influence of the bank. Did Cortelyou read those articles? If so, what were his mental reactions upon the visions conjured up by Lewis' facile pen of the contrast between the need for greater banking facilities for the rural population of America, and the benefits accruing from postal banks in other nations? What sentiments were provoked by Lewis' references to the recommendation of Cortelyou's predecessors to Congress that a similar institution should be founded under the Government of the United States? What reflections were suggested by Lewis' allusion to the *Mont de Piété* of France, and its manifold beneficences? What possibilities occurred to his mind of the competition of the certified mail check system of the People's United States Bank with the sale of post-office money orders as bearing, conceivably, upon an important branch of the revenues of his own Department? What interests or individuals presented themselves to his recollection as likely to give him their unqualified approval and lend him moral support against the storm of criticism certain to follow the destruction of so large and popular an institution?

Some such balancing of prospective consequences there must have been, prior to the decision of a question fraught with consequences so momentous. The actual considerations that were controlling upon Cortelyou and the precise motives which impelled the pen that signed the fatal order can be arrived at only by a process of inference, a series of deductions. His personality, his temperament, his environment, the story of his career and all the facts that are of record as to the bank and his relations with it, must be cast into the crucible and the reader must apply the fires of his own intellect to smelt the gold of truth from the dross of speculation.

Certain it is that the decision was arrived at and the People's United States Bank was doomed. Some time before midnight of July 6, 1905, Mr. Cortelyou attached his signature to the following official letter:

POSTOFFICE DEPARTMENT,

WASHINGTON, JULY 6, 1905.

Order No. 10.

It having been made to appear to the postmaster-general, upon evidence satisfactory to him, that the People's United States Bank, its officers and agents as such, and E. G. Lewis, at St. Louis, Mo., are engaged in conducting a scheme or device for obtaining money through the mails by means of false and fraudulent pretenses, representations, and promises, in violation of the act of Congress entitled "An act to amend certain sections of the Revised Statutes relating to lotteries, and for other purposes," approved September 19, 1890:

Now, therefore, by authority vested in him by said act and by the act of Congress entitled, "An act for the suppression of lottery traffic through international and interstate commerce and the postal service, subject to the jurisdiction and laws of the United States," approved March 2, 1895, the postmaster-general hereby forbids you to pay any postal money order drawn to the order of said parties, and you are hereby directed to inform the remitter of any such postal money order that payment thereof has been forbidden, and that the amount thereof will be returned upon the presentation of the original order or a duplicate thereof, applied for and obtained under the regulations of the Department.

And you are hereby instructed to return all letters, whether registered or not, and other mail matter which shall arrive at your office directed to the said parties, to the postmasters at the offices at which they were originally mailed, to be delivered to the senders thereof, with the word "fraudulent" plainly written or stamped upon the outside of such letters or matter. Provided, however, that where there is nothing to indicate who are the senders of letters not registered or other matter, you are directed in that case to send such letters and matter to the Dead-Letter Office with the word "fraudulent" plainly written or stamped thereon, to be disposed of as other dead matter under the laws and regulations applicable thereto.

GEO. B. CORTELYOU,
Postmaster-General.

The Postmaster,
St. Louis, Mo.

The above order became effective immediately upon its receipt by the postmaster at St. Louis, namely on Monday, July 10, 1905. Then, for the first time, knowledge of its existence was communicated to the bank's officials. During the interval the fact that Order Number Ten was in process of transmission to St. Louis is said to have been communicated over the long distance telephone to Secretary of State Swanger. In the brief period of time thus gained over the fast mail service, steps were taken, as will be seen in the following chapter, to bring about the desired "concerted action" between the State and Federal authorities.

CHAPTER XX.

CONCERTED ACTION.

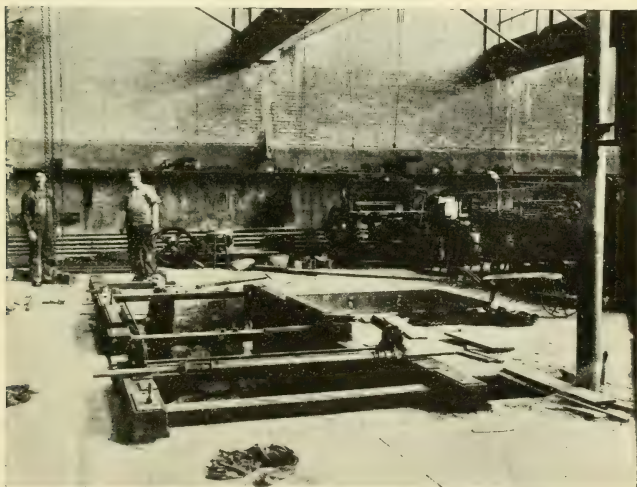
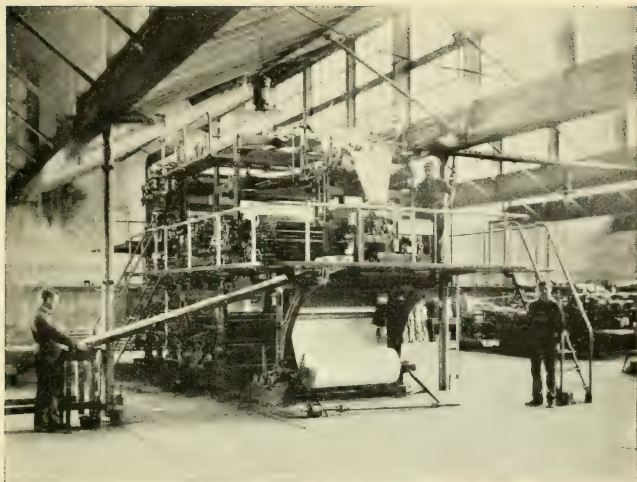
THE ONSLAUGHT OF THE ALLIES—CORTELYOU'S MEMORANDUM TO THE PRESS—NATION-WIDE PUBLICITY—THE FIRST RECEIVERSHIP—A NEW KIND OF BANK FAILURE—HOME RULE vs. FEDERAL USURPATION.

Sunday, July 8, 1905, was a day big with momentous consequences for the People's Bank. The fears of the directors had been lulled to sleep by the delusive promises of the postmaster-general and of the secretary of state that no further action would be taken without notice. They did not know that the combined assault of the allied Federal and State forces was at hand. Cortelyou had stated that the fraud order would not be issued on the hearing before Goodwin without a hearing before himself. Swanger had assured the directors of his confidence and had promised them full co-operation and support. The opinion of the attorney-general that a fraud order could be legally issued, quoted in the Saturday evening papers, did not, therefore, arouse any serious apprehensions. No official notification of the fraud order was given to the bank or the press until Monday morning. Sunday was a day of undisturbed tranquility at University City.

On the other side, the generalissimos of the attacking armies, Cortelyou and Swanger, took advantage of the immemorial license of military men to fight battles on the Sabbath, or to make whatever preparations the needs of warfare demand. The work of war does not always admit of the niceties of Sabbath observance. Many eleventh-hour preparations were pre-requisites of the combined assault. Cortelyou and Swanger both broke the Sabbath in order to make their final dispositions. Cortelyou was at his office until midnight, Sunday, awaiting final advices from his lieutenants at St. Louis, and working on his official statement to the press. Swanger is said to have spent the day of rest with Spencer in conference with local Republican political leaders in St. Louis county, and in preparing an application for receivership to be presented early Monday morning.

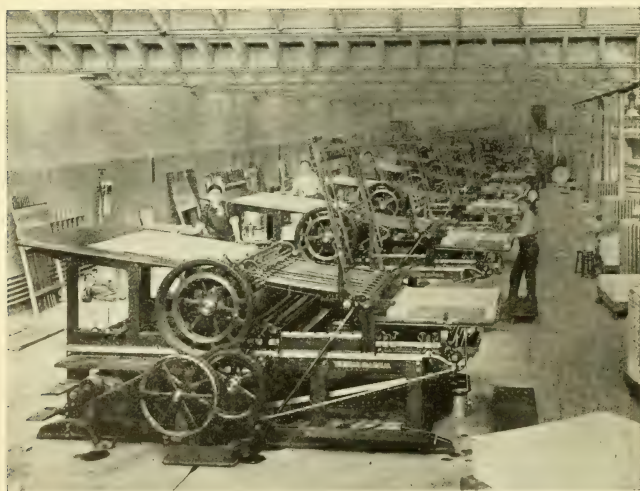
THE ONSLAUGHT OF THE ALLIES.

The blow fell. The St. Louis morning papers of Monday, July 6, 1905, bristled with scare-heads: "Fraud Order Against the People's Bank: Postmaster-General's Reasons Set Forth in Official Memorandum to the Press." The evening papers printed the text of Cortelyou's memorandum, and scare-headed the fact that Judge



¹Goss octuple four-color printing press on which the *Woman's Magazine* was printed after having been reinstated in the mails

²Foundation laid for the above press during May, 1908, after the second-class entry of the *Woman's Magazine* had been withdrawn



Interior views of the Magazine Press Building of the Lewis Publishing Company

The largest magazine pressroom in the world, equipped with four-color octuple Goss Rotary, three Koller Rotaries, five Miehle flat-bed printing presses, eight Dexter folding machines and all necessary appurtenances. "Battery of Miehle flat-bed presses"

Selden P. Spencer had been appointed receiver of the bank and had assumed control. The Federal authorities thus prevented Lewis or any officers of the bank from receiving further contributions. The State authorities took from the bank's managers the funds already sent in. It was a grand stroke. So sudden and complete was it that, apparently, the incident was closed. The story of the People's Bank, so happily begun, seemed at an end. A reporter visiting the bank to interview Lewis, on Monday morning, found Spencer in charge. He was told that Lewis had gone horseback riding.

The officers of the bank were literally astounded. The assurances of Cortelyou and Swanger had both been disregarded. A fraud order had been issued against a two and a half million dollar State banking institution, organized and operated in full compliance with the State banking laws, upon a hearing the inadequate nature of which has already been narrated. A receiver had been put in charge of a perfectly solvent bank without a moment's warning. Not the slightest notice had been given to the directorate of responsible business men, which had been selected on the request of the secretary of state and with his full approval. Lewis evidently wanted to get away from everybody for the moment to recover his poise after the shock of this unexpected onslaught. He had need to take counsel with himself. A meeting of directors had been called for four o'clock on Monday. By that hour it was his duty, as the person responsible for the defense, to make up his mind what action he should recommend. Had there been a streak of cowardice in Lewis' make-up, he would have quit after that horseback ride. He would have told his readers that the combined powers of the United States and the State of Missouri were too much for anyone to fight. He would have said that, while he felt that he had done no wrong, he must needs submit to the inevitable. But, had there been any tinge of "yellow" in Lewis, this story of the Siege could never have been written.

The American people are always interested in a fight. They love a fighting man. And their interest goes out spontaneously to the under dog. The fight which Lewis started on this occasion and has kept up ever since is by all odds the most noteworthy ever put up by a private citizen against the combined powers and resources of a great State and Nation. All through the Middle and Far West Lewis is still talked of as "the man who beat the Government." There are many who, upon the information that they possess, think Lewis has been somewhat if not wholly in the wrong. But all who know the facts cannot but applaud the courage, energy and optimism with which, during all these years, he has withstood the utmost power that his opponents could array against him.

CORTELYOU'S MEMORANDUM TO THE PRESS.

The public at St. Louis was first apprised of the issuance of the fraud order by lengthy news items in the Monday morning papers. The Globe-Democrat bracketed these two paragraphs under the

caption, "Moody's Arraignment and Lewis' Reply," at the head of the Washington dispatch which follows:

I think there can be no doubt, from the facts submitted, that E. G. Lewis is to be regarded as conducting a scheme for obtaining money through the mails by means of false representations and promises. The facts stated, represent him as the creator of the bank, and absolute master of its charter, directors, stocks, and funds, and as diverting those funds into the hands of himself and certain associates by way of loans to various companies of which he is the principal member.—Attorney-General Moody's opinion, submitted to Mr. Cortelyou.

I have been publicly condemned, tried and executed without having been granted the privilege of offering a defense. We had no access to the report of the postoffice inspectors, knew nothing except in a general way of the charges made against us, and were denied the right to examine any of the postoffice inspectors' witnesses.—E. G. Lewis.

Special dispatch to the Globe-Democrat, Washington, July 9:

George B. Cortelyou, the postmaster-general, has issued a fraud order against the People's United States Bank, its officers and agents at St. Louis. The order is dated July 6 (Thursday), but does not go into effect until tomorrow (Monday). The postmaster-general has waited until his order, and instructions accompanying it, had been received in St. Louis and every arrangement had been made for complying with it. He refused until midnight tonight to make any statement relative to his decision. He had a force of clerks and stenographers at the Postoffice Department this (Sunday) afternoon, and dictated a lengthy statement, in which he goes into the history of the organization of the bank and its associate companies.

Mr. Cortelyou spent the greater part of the afternoon and evening at his office in the Postoffice Building working on the statement. During the day he refused to respond to repeated appeals to make known his course in the matter. He stated to all inquirers that he had wired to St. Louis at three o'clock Saturday afternoon for information bearing on the case, and had fully decided to have no word to say until he received a reply from his message of inquiry. He persisted in this attitude, refusing to give the nature of his inquiry or the name of the person to whom it was addressed.

The fact that the long-delayed "concerted action" had come at last was chronicled in the evening papers. The Post-Dispatch ran this eight-column scarehead across its front page: "Judge Spencer, Appointed Receiver for Lewis' People's Bank, Takes Charge; Fraud Order Against the Concern." It thus sums up the day's events:

Judge McElhinney of the St. Louis county circuit court this morning appointed Judge Selden P. Spencer receiver of Edward G. Lewis' People's United States Bank. The appointment was at the request of Secretary of State Swanger. Judge Spencer immediately qualified, furnishing bond for \$250,000, and went at once to the office of the bank to take charge. The action of the secretary of state follows the issuance of a fraud order by Postmaster-General Cortelyou on the strength of which thousands of letters being received at the postoffice, addressed to the bank, are being stamped "fraudulent" and returned to the senders. The fraud order was issued on a report submitted by Postoffice Inspectors Fulton, Sullivan and Stice of St. Louis, which was published exclusively in the Post-Dispatch May 31. Lewis was granted a hearing on this recommendation that a fraud order be issued against the bank and made a defense before Assistant Attorney-General Goodwin in Washington June 16.

Under the caption, "Postmaster-General Explains Fraud Order," Cortelyou's statement was printed in full. After reciting briefly

the substance of the citation and hearing, the most damaging of the inspectors' charges against Lewis are summed up, and the statement closes thus:

The attorney-general, to whom the postmaster-general submitted the matter for an opinion, said: "The existence of a charter of incorporation—another legal 'person'—affords no protection to him. A corporation can be used as an instrument for the violation of law. * * * As for the bank and its mail, we may, upon the facts stated, treat the constant public representations of its president, made with its acquiescence, and their fruits accepted by it, as its own, or look upon it as an 'agent or representative' of Lewis in the reception of the mail. The bank seems, according to the facts stated, to be no other than Lewis himself, under a thin disguise."

The Post-Dispatch, after alluding to the fact that the charges against the bank are not news to its readers, editorially contrasts the decisive action of the Federal Government with the previous inaction of the State banking department, and holds Secretary of State Swanger to strict accountability.

This memorandum of the postmaster-general became the basis of the case of the People's United States Bank vs. Goodwin and Fulton, a suit for libel. Cortelyou, examined under oath, said in substance:

This memorandum was prepared in the office of the assistant attorney-general for the Postoffice Department. It was submitted to me and sent out in response to inquiries as to why the Department had acted. It was very largely in response to inquiries of stockholders of the bank. The title on the cover and also on the inside of the pamphlet sets forth that it is the memorandum of the postmaster-general, as embodied in a statement given to the press July 19, 1905.

Mr. Lewis' side of the question was set out as far as it was possible to do so. I considered it a full and fair statement of the conditions existing at the time, or it would not have been issued. Mr. Lewis, through the medium of his magazines of large circulation, had been stating his side of the case broadcast over the country. It was due to the Postoffice Department and the Government that some publicity be given its side. The urgency arose from the fact that Lewis had flooded the country with his own side of the case and his promises and representations. It was due to the Government to act, and it did act, promptly.

Cortelyou testified that he does not know who prepared this statement, but that Fulton was called to Washington frequently and helped to prepare a number of statements in the case and that he may have been at this time in Washington.

Congressman Redfield, at the Ashbrook Hearings, directed the committee's attention to the fact that this pamphlet as issued from the Postoffice Department does not bear the imprint of the Government printing office, and bears no signature. While it purports to be a memorandum by the postmaster-general, it is thus, in effect, an anonymous publication. Responsibility for the statements which it contains is not directly assumed by anyone. Cortelyou states that he did not give out this statement to the press. But the fact that it was issued from the Postoffice Department as the postmaster-general's memorandum, and was followed by no contradiction, was

conclusive to the press that it was by authority. As such it was given instant and widespread publicity.

NATION-WIDE PUBLICITY.

The bank project was not only novel. The stockholders were everywhere. An exposé is always a preferred news item. The official action of the postmaster-general freed the press from all caution as to libel. Lewis had by this time employed a clipping bureau to furnish him with news items, and three large scrapbooks are taken up chiefly with clippings about the bank. Some idea of the effect of the postmaster-general's statement to the press may be had from the fact that computation by actual measurement of the number of lines of news published about the bank on July 10 and 11, shows that the equivalent of at least two hundred and seventy-five full newspaper columns were published. The total would amount to the equivalent of three complete ordinary issues, including advertisements, of one of the great modern dailies. During the remainder of the month of July more than one hundred and twenty-five additional columns were published, being the equivalent in all during July of more than four complete daily newspapers. These are only such clippings as Lewis chanced to preserve. Large numbers of others were undoubtedly printed.

Every state in the Union is represented in this publicity. No less than seventy-five columns of newspaper space were devoted to the bank in the state of Illinois. The Missouri press comes next with twenty-eight columns; Wisconsin, twenty-three; New York with twenty; Ohio, nineteen; Colorado, fifteen; Iowa, twelve; Tennessee, ten; Minnesota, Michigan, Indiana, California, each nine columns; Connecticut, eight; and so on down to Montana, Arizona, Virginia and Wyoming, with fractions of one column.

Former Third Assistant Postmaster-General Madden comments upon the postmaster-general's memorandum to the press as follows:

This pamphlet purports to state the reasons for the issuance of the fraud order, but includes only the postmaster-general's side of the case. It does not include the June 2d letter of the secretary of state of Missouri. It does not state that any person had complained against this bank. It does not identify the statute, under which the postmaster-general assumed to send his inspectors into the bank to search its books and papers to find a basis for "charges," which should be used to secure criminal indictments of the president. * * * So far as my experience goes and I have been able to learn, the postmaster-general has never previously deemed it necessary to issue such a public statement explaining an official act. If the act were correct under the law and facts, its propriety is assumed. No explanation is called for beyond what appears in the fraud order itself. This pamphlet does not state that it was issued under authority of, or in compliance with the requirements of any law. On the contrary, there are two acts of Congress which seem to forbid the spending of public money for such purpose.

THE FIRST RECEIVERSHIP.

Lewis and his associates were tasting the full bitterness of defeat. The St. Louis Star-Chronicle of Monday evening—the day on

which the fraud order went into effect—tells the story of the dramatic moment when the conquering invader first set foot in Lewis' citadel. At the foot of the marble stairway, like a feudal chieftain about to yield up the keys of a captured city, Lewis met the man who had come to supersede him in authority and undo for all time the results of his labors for so many busy, happy months in the upbuilding of the People's Bank. Lewis could as yet hardly realize what had occurred. He was conscious of but one thing: the bank was about to be destroyed. His whole soul was upheaved with bitter protest and revolt. It was as if his latest-born child was about to be torn from him and foully done to death. The thing seemed unbelievable. Yet, in spite of his abhorrence, the consciousness was forced upon him that it must be true. Knowing, as we do, something of Lewis' temperament and having caught in the eye of fancy a glimpse of his ideal conception of the People's Bank, we may feel, even in the dry lines of the newspaper story of this episode, some slight palpitation of the heartbreak that underran Lewis' reception of Selden P. Spencer, first receiver of the People's Bank. What, then, must have been his bitterness of spirit during that historic horseback ride, while the newly installed receiver was busily engaged in "protecting" the People's Bank out of existence. This is the reporter's story:

Judge Spencer has filed a bond for two hundred and fifty thousand dollars with the United States Fidelity & Guaranty Company, as surety. This bond is subject to increase to cover the assets of the bank. Accompanied by State Bank-Examiner Cook, he went immediately to the Woman's Magazine Building. There it was announced to E. G. Lewis that Judge Spencer had been appointed receiver.

Before turning the affairs of the People's Bank over to Spencer, Lewis in the presence of three witnesses made a formal protest to the appointment. Spencer acknowledged the protest and was then taken up to the fifth floor where he took charge. Almost his first act was to telegraph about fifty banks over the United States not to honor any more checks on the People's United States Bank. These bank checks had been sent out by the People's Bank for sale and were purchasable by those who desired to use them. Judge Spencer continued to use the same clerical force that had been used by the bank officers. Bank-Examiner Cook was at the institution all day, but Spencer said Cook was taking no part in the conduct of its affairs. He said, further, that he would make an endeavor to gather in all the assets of the institution for the protection of the depositors, stockholders and creditors, in the order named. No one was permitted on the fifth floor, on which the bank offices are located, without an order. The words "Wind up the affairs" which were in the order for petitioner's appointment, were stricken out by agreement. The significance of this change in the ultimate disposal of the bank's affairs, was not explained.

The following is a written protest made to Judge Spencer by President Lewis: "In acknowledging service upon me as President of the People's United States Bank of an order of the circuit court of St. Louis county, dated July 10, 1905, whereby Judge Selden P. Spencer is appointed receiver of said bank, I, acting as president of this bank, do protest that order as unjustified and in every way prejudicial to the interest of both

stockholders and depositors and do surrender said bank and its assets only under protest and in obedience to said order of the honorable court.

(Signed) "E. G. LEWIS, President."

Witnesses: C. D. GARNETT, F. J. CABOT, F. V. PUTNAM.

The most amazing feature of the first receivership, and the one which later raised a storm of protest and public criticism, was the lack of any notice or warning of his intended action by the secretary of state. What possible motive, men asked, could account for this instant reversal from friendly co-operation to open war? Swanger's first explanation was given to a reporter of the *Globe-Democrat* in the following interview:

I instructed N. T. Gentry and John Kennish, assistants to Attorney-General Hadley, to make application for a receiver for the bank in the Circuit Court at Clayton. I could not take charge myself under the law, as I am only authorized to assume control of banks that are in an insolvent condition. The People's Bank is not insolvent. It is, however, in an unsafe condition. The matter is now out of my hands and the bank is in charge of the courts.

As to the amount the stockholders in the bank will receive back, I am in no position to say. I believe that a large majority of the loans are well secured. The largest loans are \$140,000 to the University Heights Realty and Development Company, \$400,000 to the Lewis Publishing Company, and \$146,000 which is credited against promotion expenses of the bank. The first two are secured by the University Heights property and the Woman's Magazine Building, business and contents. As to the promotion expenses, I am not prepared to say. None of these loans were made to Lewis personally, but he was the prime factor, of course, in the concerns to which the money was loaned.

A NEW KIND OF BANK FAILURE.

The twenty-four hours' developments after the first receivership was installed first perplexed the people of St. Louis and then filled them with amazement. For the public has been taught by past experience to expect that the failure of a bank or the exposure of a get-rich-quick concern will be followed by sensational details of defalcation or embezzlement, spiced by scandalous tales of the mismanagement or riotous living by which the assets have been dissipated, and enlivened by the arrest of the bank's officials or their flight from justice. But here was a bank, branded as fraudulent by the Federal Government and thrown into forced receivership by the State authorities, which was not only solvent. It had in its vaults certificates of deposit for a million and a half dollars—more than five times enough funds in ready cash to pay off its depositors and its current liabilities in full. True, it had made loans of nearly a million dollars to corporations controlled by Lewis. But Lewis had put his real estate and publishing interests in pawn to protect these loans, and they were said by the head of the State banking department himself to be well secured. No law had been broken. The books had not been falsified. No charges of theft or misapplication of funds appeared in the public prints. Lewis had not been playing the stock market, or betting on horse races, or going in fast company. The only late hours he had been known to keep

were his vigils in his tower with a fountain pen as his sole companion, save for the spiritual presence of his readers. No funds of the People's Bank had been dissipated. Every dollar was accounted for by lawful loans. Each was doing its full share in turning the wheels of wholesome industry and in the upbuilding of legitimate enterprise. This was a kind of bank failure for which the people of St. Louis and of the United States were not prepared and which at first they could not seem to understand. Slowly it dawned upon them that the postmaster-general might have committed a grave injustice and that the secretary of state in aiding and abetting him might have overstepped the bounds both of morals and of law.

The St. Louis Globe-Democrat of Tuesday morning published a lengthy news article, including a photograph of Receiver Spencer and also a view of the interior of the Woman's Magazine building. Under the caption, "Official Statement of Bank's Condition," is printed the first public statement as to the present status and probable outcome of the bank's affairs:

Judge Spencer, the receiver, last night gave out the following statement of assets and liabilities of the People's United States Bank:

ASSETS.	
Loans and discounts.....	\$1,010,183.42
Bonds and stocks	129,469.92
United States bonds	75,000.00
Cash and due from banks.....	1,393,656.06
Building and furniture and fixture account.....	19,701.05
Expenses	26,737.88
Total	\$2,654,748.03
LIABILITIES.	
Capital	\$2,435,000.00
Deposits	219,748.03
Total	\$2,654,748.03

Included in the loans and discounts are the following items considered by the receiver of doubtful value and liable to shrinkage: An unsecured note given by Lewis and the old directors for one hundred and fifty thousand dollars, representing the promotion expense of the bank; a loan of three hundred and eighty thousand dollars, secured by stock of the Lewis Publishing Company; a loan of four hundred and forty-four thousand dollars, secured by stock of the University Heights Realty and Development Company. The balance of thirty-nine thousand dollars is made up of smaller miscellaneous loans, many of them on notes endorsed by Lewis.

Under the caption, "All for Depositors, Half for Stockholders," is this:

State Bank-Examiner R. M. Cook last night declared the affairs of the People's United States Bank were in no very complicated condition. He said: "According to an examination I made of the assets and liabilities, I believe the receiver now would be able to pay all the depositors in full and have enough left to pay the stockholders fifty per cent of their stock. Judge Spencer, the receiver, places a more liberal estimate on the bank's ability to pay the stockholders. He stated that, allowing for shrinkage in the collateral, the stockholders might receive seventy-five per cent on the dollar."

Summarizing the day's events, attention is called by the *Globe-Democrat* to the fact that the receiver had made application to R. M. Fulton, as postoffice inspector-in-charge, for the bank's mail, to be delivered to him upon the ground that it might contain stock subscriptions, deposits or other assets of the bank. The demand was refused with the statement that "the procedure of the Department permitted of no lifting of the fraud order except by injunction of a Federal court or its revocation by the postmaster-general."

The *Chronicle* of Tuesday evening reviews the day's proceedings thus:

Judge McElhinney granted the request of Receiver Spencer this morning for authority to pay the depositors of the People's United States Bank on demand. The court also increased Judge Spencer's bond from \$250,000 to \$1,000,000 at the latter's own request. Judge McElhinney advised that the bond be distributed among several companies. Spencer announced that he would begin an investigation of the expenses of the bank. He has engaged Judge George P. Wolff and State Senator A. E. L. Gardner, both of St. Louis county, to represent him in any legal phase that might develop. The receiver stated to the court that there is sufficient money to pay all present demands. He stated that there were now about fifty employees, including fifteen stenographers, who would not be needed if the fraud order was allowed to stand.

The *Post-Dispatch*, in furtherance of its implacable hostility, ran under the heading, "Stockholders Lose More Than Six Hundred Thousand Dollars in Lewis' Collapse," a four-column story opening thus:

By the collapse of the People's United States Bank, the get-rich-quick enterprise of E. G. Lewis, the sixty-five thousand stockholders scattered throughout every state and territory in the Union will lose more than six hundred thousand dollars, even if Receiver Spencer's greatest expectations as to the values of the bank's securities are realized. Bank-Examiner Cook, who should be thoroughly familiar with the institution's affairs, says the stockholders cannot be paid more than fifty per cent, thus entailing a loss of more than one million dollars. According to Receiver Spencer's estimate, he expects to realize from the present assets one million, eight hundred thousand dollars and pay back to the stockholders seventy-five per cent of their holdings.

The securities upon which he contemplates realizing seventy-five per cent on the dollar paid in for stock, is the property pledged for collateral to secure the bank's loans to the two other Lewis concerns, the University Heights Company and the Woman's Magazine, aggregating eight hundred thousand dollars. This security consists of two hundred acres of land owned by the University Heights Company, on one hundred acres of which there is a previous lien of between one hundred seventy thousand dollars and two hundred thousand dollars. The Woman's Magazine Building, the printing plants and the subscription lists of the magazine are included in the security. The real estate is conceded to be injured in value by its proximity to racetracks and saloons in that vicinity. The official report of the postoffice inspectors speaks of the Woman's Magazine Building and plants as being "plastered with mortgages." As for the tangible value of the magazine subscription lists, the report calls attention to the fact that the magazines are being sent through the mails on a temporary permit, which grants the privilege of the one cent per pound rate. This permit is subject to revocation at any moment, and such action is even now under consideration in Washington. If this temporary

privilege should be withdrawn, the report points out that the value of the Woman's Magazine subscription list as collateral would at once shrink to practically nothing.

The sequel will show the contrast between this wilfully pessimistic view and the actual situation. Lewis no longer stood alone opposed to a powerful newspaper and to both the State and Federal officials. Thanks to Swanger himself, he now had powerful champions in the newly elected members of the bank's directors. This interview with Governor Stephens was published the day after the receivership took place:

My own idea is that the secretary of state acted hastily and not in the best interests of the bank. The new board has been acting in good faith. It supposed that the secretary of state had confidence in every member and was heartily co-operating. Mr. Swanger gave us no notice of his intention to place the bank in the hands of a receiver, but at all times expressed his entire satisfaction with the plans announced to him for the future conduct of the bank. I believe that should we have failed in resisting the fraud order the board would have considered the advisability of the bank's immediate liquidation and retirement from business. The work of liquidation would have been simple and rapid. The bank is wholly solvent. The deposits could have been paid off in full in a single day. We should have converted all the remaining assets into cash as fast as possible. With the cash on hand, we should have paid an immediate cash dividend to stockholders. The balance or final dividend could have been paid as soon as the remaining assets were realized upon. There would have been little expense to the stockholders, whereas the receiver's expenses will be very great.

Had Mr. Swanger seen fit to treat us with that courtesy with which we have endeavored to treat him, and conferred with us after the fraud order had been issued, while in the city Sunday or Monday, I believe we could have shown him the absolute inadvisability of the receivership. The board feels that the secretary of state has treated us with discourtesy. Mr. Carter and I went on the board at the request of many of the friends of the institution and with Mr. Swanger's approval. In the light of developments I cannot understand why he wanted a new board selected at all, since he has not, at a critical time, seen fit to confer with it on matters of vital importance.

Editorially, the Post-Dispatch ran a leader entitled, "Credulous Investors," based on the assertion of the postmaster-general that Lewis' expectations as to profits could not have been fulfilled. It closes with these words: "If Secretary of State Swanger was moved by timidity in his halting and easy method of dealing with Lewis' bank, the dangerous character of which was fully known to him, his timidity is a menace to the public." The secretary of state was evidently pleasing no one.

All the New York dailies of Tuesday commented on the bank. The Herald carried a three-quarter column St. Louis dispatch summarizing the news published in St. Louis. The following paragraphs appealed to out-of-town readers, and were widely republished throughout the country:

The holding up of Lewis' mail is quite as important an incident in the routine of the local postoffice, probably, as it is to the persons most concerned. Lewis and his banking interests were the Government's heaviest customers in town, though the Woman's Magazine was responsible for

the largest part of the mailing done and received. Not since the days of the Arnold get-rich-quick schemes and others like it, has an order on the postoffice in St. Louis called for the stoppage of so great a quantity of mail matter. So vast did the mail matter of the People's Bank become, that a branch postoffice had to be established in the Woman's Magazine Building for its accommodation. Here all the stamps were bought, and this was a tremendous incidental to the carrying on of this rapidly growing business. Incoming mail was received at the downtown or general postoffice, and was carted in wagons to the private car of Lewis which was daily sidetracked at Seventh and Chestnut streets, and thence transferred in the car to the publication office out in the county. Out-going mail was similarly handled, the car taking it downtown to meet the wagons.

The fraud order covers all mail but that addressed to the Woman's Magazine. All matters of the People's United States Bank, its agents, or E. G. Lewis, will be held up and returned immediately to the sender if proper endorsement graces the corner of letters.

One of Lewis' claims as to the superior safety of the bank—its freedom from "runs"—was now made good. The Globe-Democrat of Wednesday, the third day after the fraud order, chronicles the first symptoms of a "run" on the People's Bank:

Two depositors appeared at the bank headquarters to demand their money. Both were women. One was middle-aged. She carried a baby in her arms. She lives in St. Louis and has three dollars in the bank. Judge Spencer told her to wait until later in the day and he would pay her. She left, saying she would come back again. The other was an old woman who lives in the East. She was returning from a visit to relatives out West when she read the news about the bank, so she stopped off in St. Louis to draw her balance. Judge Spencer assured her that her deposit was safe, and that she could draw out the money by mail. He advised her to keep on her journey home. Judge McElhinney has authorized the receiver to pay depositors and it was stated that applicants by mail would be forwarded withdrawal receipts for signature. Depositors will be paid on presentation of their checks. Affairs at the Women's Magazine Building quieted down yesterday after the flurry of Monday. Lewis spent part of the afternoon downtown and visited several of the banks.

The longer the affairs of the bank were before the people and the more they were investigated, the less like a failure and get-rich-quick concern the bank appeared to be. Under the sub-title, "Examiner Cook Explains," occurred the retraction of a previous interview in which he had been made to say that a loss of fifty per cent to stockholders was anticipated:

State Bank-Examiner R. M. Cook yesterday made the following explanation in reference to his published statement that the bank would pay back fifty per cent to the stockholders:

What I meant was that the receiver will be able to pay back to the stockholders from the cash assets on hand fifty per cent on the dollar, after the depositors are paid in full. The bank's statement shows that after paying off the deposits there will be over a million dollars on hand, or nearly enough to pay back fifty per cent to the stockholders, without including the assets in bonds and stocks. This is without taking into account the collateral held as security for loans. It leaves the final dividend to the stockholders to depend on the amount which may be realized on the collateral.

With this remarkable admission on the part of the examiner who

had just completed a thorough investigation of the bank's affairs, this chapter may be drawn to a close. The whole history of banking, it is believed, may be safely challenged to produce a parallel. Why was a receivership forced upon a bank that was afterwards admitted by the receiver, the head of the State banking department and the chief bank-examiner, to be in a position of almost unexampled strength and safety? There was hardly a dubious dollar in the bank's assets. It had a million and a half dollars in cold cash. It had seventy-five thousand dollars in Government gold bonds. The only large items among its assets that were open to question were the loans to the University Heights and Lewis Publishing companies. Even these were said by those best qualified to judge to be abundantly secured. Four men out of five on the board of directors were outsiders, who had just come into the bank with the approval of the secretary of state, expressly to safeguard its stockholders and depositors. None of them had a dollar of interest in any investments of the bank. These men were business men and bankers of the highest standing. Their integrity and the probity of their intentions were above reproach. Yet they agreed that every loan of the bank was amply protected.

HOME RULE VS. FEDERAL USURPATION.

The sequel to the "concerted action" thus taken by the State and Federal authorities shows how much more easily the people can call to strict accountability a local or State official than they can reach a Federal officer at the seat of national power. For, as we shall see in the following chapter, the newspaper-reading public of St. Louis and throughout the State of Missouri was promptly told that a great wrong had been done by the hasty and ill-advised act of the secretary of state and were given an opportunity to make their indignation felt.

To bring Cortelyou to book for his act in issuing the fraud order, six years of agitation and a campaign of education extending to every part of the United States and costing many hundred of thousands of dollars has been required. Gradually a sufficient popular sentiment has been created to bring about a congressional inquiry. But this has, itself, occupied many months and has cost both the people and the complainant many thousands of dollars. In the end justice will be secured, but at what a frightful cost!

It is by such lessons as this that the principle of home rule has become dear to every liberty-loving race. The People's Bank was the creature of the state of Missouri. It was operated under the State laws. If the Federal authorities had not interfered with it, through the abuse by the postmaster-general of the discretion reposed in him by an unwise Federal law, the People's Bank might still be in existence. It might today be the source of countless benefits, past, present and to come, to thousands of men and women throughout the United States.

CHAPTER XXI.

HOME RULE VS. FEDERAL USURPATION.

WAR IS DECLARED—OFFICIAL ACCOUNTABILITY—SWANGER UNDER FIRE—THE EARLY BIRDS—THE EARLY BIRDS ON THE GRILL—OUSTER OF THE EARLY BIRDS—SPENCER ASKS \$1.73 PER MINUTE—FIRST STEPS IN LIQUIDATION—EXIT JUDGE SPENCER—CAMPAIGN IN THE FEDERAL COURTS—McPHERSON'S OPINION—THE DEFEAT AT ST. PAUL—THE SECOND RECEIVER—THE MISSOURI SUPREME COURT DECISION.

If the conservative, responsible element of St. Louis will make a little ring and give me a fighting chance with fair play I will be willing to defend my acts against all comers. I have built up here in St. Louis the largest publishing business of its sort in the world. It furnishes bread and butter for half a thousand St. Louis families. I have built up from cowpastures what promises to be your most desirable residence district. I have brought millions of money into the city and invested them in such a way that I could not possibly run away with or profit personally by them beyond the ordinary comforts of life. For years I and my associates have labored night and day.

If ever I have an opportunity to demonstrate whether my new theories of banking are right or wrong—as every one who has a dollar at stake in them seems to wish me to have,—and if the conservative banking element then conclude them to be wrong, I am willing to go out of the banking business. But I do not intend to be pushed out of it, if I can help it. The dearest rights of an American citizen are to be heard in his own defense and to be confronted by his accusers. These rights are involved in this struggle. All we ask is a square deal.

WAR IS DECLARED.

Such was the ringing appeal for fair play with which Lewis dismissed the newspaper men who came to ask if the bank was going to put up a fight against the allied forces of State and Nation. The bank would fight. That was the message which the reporters heralded through the press. Nor was Lewis to be single-handed in the struggle. The newly elected board of directors was thoroughly incensed by the failure of the postmaster-general to make good his pledge of a further hearing before himself. They smarted under the affront that had been put upon them by the secretary of state. While the clerks at the St. Louis postoffice were hard at work, stamping the shameful word "fraudulent" upon mail addressed to themselves as officials of the bank, and while the newly appointed receiver was exercising his authority by wiring the agency banks all over the country to suspend payment on all People's Bank checks, the board gathered for conference. Men like Stephens, Carter, Meyer and Coyle could not but resent the idea of letters addressed to them being returned to the sender stamped "fraudu-

lent." The sentiment was unanimous. To lie down under the "concerted action" of the State and Federal authorities would amount to an admission of guilt. The action taken had been so drastic that all possibility of compromise was shut off. A flag of truce could only suggest willingness to surrender. Any attempt to conciliate an enemy so implacable would be to show the white feather. The challenge of the allies against the bank was as incapable of adjustment without a fight as that of Spain against America, or of the Boers against England. Fight they must, and Lewis felt that he had the people on his side.

The Globe-Democrat of July 10 says:

Lewis talked bitterly about the action of Secretary of State Swanger in putting the bank into the hands of a receiver and of the methods of the Postoffice Department in issuing the fraud order. The other directors were reticent and would make no comment. Former Governor Lon. V. Stephens was the first arrival. There was a long wait before all had assembled, during which Mr. Stephens divided the time between occasional chats with Lewis and telling funny stories to the reporters. He referred to the directors as the "ex-board" and a "board without a bank" and said he didn't know what was going to be done until it was done. After the meeting Lewis let himself out in an impassioned declaration:

"Fight? I should say we are going to fight to the last ditch," he declared. "I consider the actions of Secretary Swanger and the postoffice inspectors unwarranted to the last degree. By these proceedings they have utterly destroyed my credit and branded me from Maine to California, all without a cause. The bank is solvent. Every dollar of its loans is good. A board of directors of Secretary Swanger's own selection says so. Then, without any notice, he secures a receiver.

"Fighting the Postoffice Department, in a fraud order proceeding, is like going against a man with a club in a dark room with your hands tied. There is no trial or hearing worthy of the name. Assistant Attorney-General Goodwin told us in Washington that the postoffice inspectors had found us guilty and that we were so adjudged until we satisfied him otherwise. We could not see the inspectors' reports containing the charges. We could not do anything except make a statement without knowing what we had to refute.

"The board was making every effort to comply with Secretary Swanger's demands to take up the two loans to the Lewis Publishing Company and the University Heights Company. They were not due until October. But in a few weeks we would have had them straightened out."

The minutes of this meeting read thus:

The President reported that a "Fraud Order" had been issued against the bank and himself by the postmaster-general and that Judge Selden P. Spencer had been appointed receiver of the assets of the bank by the circuit court of St. Louis county, Missouri, today. Mr. Carter offered the following resolution, which was adopted unanimously:

Resolved, that the members of this board hereby put on record their expression of protest against the action of Hon. John E. Swanger, secretary of State of Missouri, in procuring the appointment of a receiver of the People's Bank upon an application to the circuit court of St. Louis county, Missouri, without notice of any kind to this bank or any of its officers, after having expressed his entire satisfaction with this board and with the plans which it had announced to him for the future course of this bank, and while this bank is in an entirely solvent condition.

This board, furthermore, puts on record this expression of its protest against the fraud order issued by the postmaster-general of the United

States, after refusing an application for a hearing before said postmaster-general, and refusing, by the assistant attorney-general for the Postoffice Department, to permit the representatives of this bank or its attorneys to examine the reports of the postoffice inspectors, whose statements had been submitted to the said assistant attorney-general for the Postoffice Department as part of the evidence considered at the alleged hearing held at Washington, D. C., June 16 and 17, 1905. This board protests that there is no evidence whatsoever of any improper action by this bank and none was presented at said hearing or has been presented at any time.

Resolved, That it is the opinion of this board that the action of the postmaster-general in the matter aforesaid is subversive of the constitutional rights of the officers and stockholders of this bank and is un-American and a warning to all citizens of the United States that no one, having large or small interests at stake, is immune from such arbitrary action, and that, in our opinion, some correction of the law and practice upon that subject should be invoked at the hands of our representatives in Congress.

The following resolution was moved by Mr. Carter and seconded by Governor Stephens: Resolved, That the attorneys for this bank be instructed to take such steps as in their judgment may be necessary, to cause to be discharged the receivership of this bank this day appointed by the circuit court of St. Louis county and to cause to be vacated the fraud order heretofore issued against this bank, by the Postoffice Department.

After voicing their protest, the officers of the bank resolved themselves into a council of war to plan a campaign that should wrest victory from defeat. The outlook seemed desperate. All the bank's resources were in the hands of the enemy. Every dollar of its funds was tied up by the receivership. The incoming mails bearing succor were being impounded. Lewis and his associates thus found themselves cut off from the sinews of war and confronted by the prospect of a double campaign of costly litigation against opponents backed by unlimited resources and by the prestige of State and Nation. The odds seemed absolutely overwhelming. Anything less than a just cause must have sunk under the combined attack. The cause of the bank looked like a forlorn hope. Yet its officers did not falter. Once the decision to fight had been recorded, every member of the reorganized directorate came out in a public interview declaring that an outrage had been done, and asserting that the bank would fight for its rights to the last gasp. The definite and positive stand upon the side of the bank taken by such well-known St. Louisans as Messrs. Stephens, Carter, Meyer and Coyle arrested public attention. The revelation of its solvency and of the ample security of its loans and investments set people to thinking. The events that followed brought about a revulsion of feeling in St. Louis which was vigorously expressed in the columns of the press.

OFFICIAL ACCOUNTABILITY.

The helplessness of the citizen against Federal interference in local affairs was illustrated by the comparative immunity from criticism of the postmaster-general. Nobody seemed to know much about the rights of that official to issue a fraud order. All the machinery of the postal inspection service and of the Department at

Washington, whereby this fell stroke had been brought about, was shrouded in mystery. That phase of the affair struck the common mind with a sense of bewilderment. The figure of the postmaster-general alone stood out in the public view fronting the blame. His exalted position, his apparent remoteness from any personal interest in the People's Bank, and his prestige as a member of the President's official family, combined to place him beyond the immediate reach of local criticism.

Not so as to the secretary of state. The people of Missouri, and especially of the city of St. Louis, felt that Swanger was one of themselves. All his comings and goings were under the observance of newspaper men. It was felt that his every act was properly subject to public comment. The campaign of the Post-Dispatch against the People's Bank was still green to memory. The recent coup by which that newspaper had thwarted Lewis' attempt to buy a rival publication was perfectly well known and understood by the local public. It was known that the Post-Dispatch had advocated the election of Swanger; also that it had then asked him to seize the bank, and that it had scourged him mercilessly for his hesitant and vacillating policy. All of a sudden Swanger had changed his mind. Between Saturday night and Monday morning he had resolved to act. Whence this new impulse? Why this sudden change? How account for this mad rush after so many weeks of hesitation. These questions flew from lip to lip, in the business offices, cafés, streets and clubs of St. Louis, and out among the corner groceries and farm houses of the rural districts of Missouri.

The sequel should drive home to the mind of every thoughtful citizen the dangers of encroachment of Federal power in local affairs. For such is the lesson taught by the contrast between the ease with which Swanger was brought to book, as compared with the difficulty of reaching Cortelyou and his aids, by which for many years they have escaped scot-free.

The story of the rout of the secretary of state and the ousting of the first receiver of the People's Bank is well worth the telling. Not only is it full of picturesqueness and local color; it also stands out in bold and significant contrast to the campaign against the fraud order that followed in the Federal courts, in which the bank went down to final ruin and defeat. The whole history of the litigation of the bank during the summer of 1905 and after, shows that under the principle of home rule the stockholders and depositors of the People's Bank could have been adequately protected by the State banking laws of Missouri as administered in the Missouri courts. Any abuse of power by a State official could have been promptly corrected by judicial procedure and by pressure of local public opinion. But neither the stockholders and depositors, nor the officers of the bank on their behalf, could protect themselves against the usurpation of administrative power by a Federal official, because of the refusal of the Federal courts to intervene. The vital

issue of home rule against the abuse of Federal power, thus sharply drawn, gives point to the newspaper controversy between the directors of the People's Bank and the secretary of state, and to the editorial discussion of the latter's conduct.

The episode of the first receiver of the bank, whose appointment was procured by Swanger and for the propriety of whose conduct he was therefore held accountable, adds a welcome bit of farce-comedy to what is otherwise a grimly tragic story, unrelieved by any humorous touch. For, like the famous king of France of nursery lore, the first receiver marched up the hill at University City, only to march down again, a sadder, perhaps a wiser, but certainly not a richer man.

SWANGER UNDER FIRE.

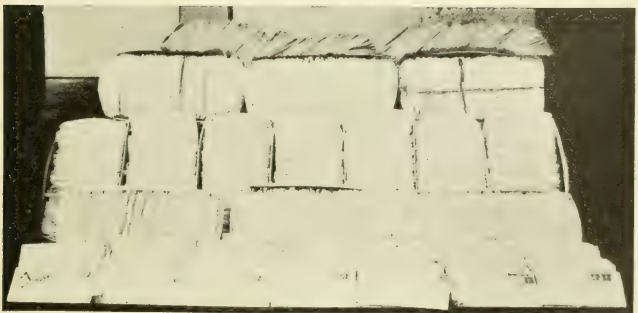
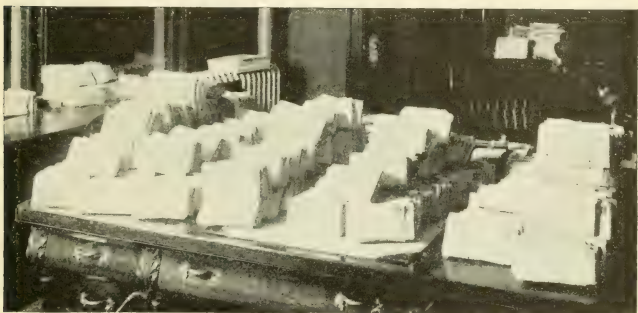
The Republic, in a three-column summary of the events of the great day of the joint attack and victory of the allies, thus discusses the opening of the bank's campaign:

W. F. Carter, a prominent attorney, recently elected director of the People's United States Bank, last night declared that Secretary of State Swanger has violated promises made to the directors of the bank and through his unbusiness-like methods has wasted over one hundred thousand dollars.

"I am unable to account for the actions of Mr. Swanger," said Mr. Carter. "He misrepresented matters to me without cause or provocation. Last Saturday evening he came to my office to use his own language, 'purely on a social visit.' He said he was en route to his home in Jefferson City from down on James river where he had been fishing. He remained at my office for about an hour, and before departing asked me what steps I thought the authorities at Washington would take in the Lewis bank matter. I told him I had received information from a certain congressman that the matter would be satisfactorily adjusted. He declared that he could not agree with me, but said that if Lewis was removed from the position of president of the institution and if the two notes amounting to eight hundred thousand dollars were removed, the matter, he believed, would be settled all right. He declared, however, he had not received an inkling of what action would be taken.

"On leaving my office he promised to see me Sunday and also assured me that in the event of a fraud order being issued he would consult the directors of the bank before appointing a receiver. About six o'clock in the evening I read the dispatch from Washington saying that a fraud order would likely be issued. I then realized the significance of Swanger's visit. I telephoned the Southern Hotel, but was told that he was not there. I then telephoned to Jefferson City and learned that he had been there Friday and was not returning from a fishing trip as he had said. I was unable to get into communication with him all Saturday night and Sunday morning. He did not come to my office as he had promised to do. From a conversation with Judge Spencer on Monday, I learned that he and Swanger were together Saturday afternoon. They appeared at the courthouse in Clayton before nine o'clock Monday morning with a \$250,000 bond signed by the United State Fidelity and Deposit Company. Besides the petition asking for a receiver, they presented an exhibit composed of twenty-five typewritten pages. This alone is enough to lead me to believe that they were together the greater part of Saturday and Sunday preparing the exhibit. I have not seen Mr. Swanger since and he has failed to communicate with any of the directors as he had promised."

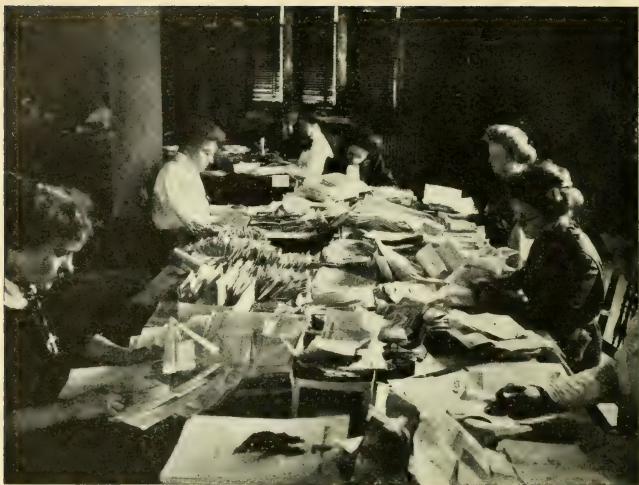
The Chronicle published a statement attributed to Governor Ste-



¹A single day's incoming mail during the reorganization of the Peoples' United States Bank as the Peoples' Savings Trust Company

²Average daily incoming mail of the Lewis enterprises of about 5,000 letters

³Lewis Publishing Company's incoming mail of May 21, 1904, said to contain 20,000 subscriptions to the Woman's Magazine



Two of the incoming daily mails of the American Woman's League

Mail of the day after Christmas, 1909, containing magazine subscription orders amounting to \$23,403.22 "A big daily mail during a busy season, July 5, 1910, containing \$26,057.22

phens that "the affairs of the bank would be wound up by the directors, if necessary, without expense and further remuneration," with this editorial comment:

Director Stephens is not only a former governor of Missouri, but a banker of recognized skill, experience and integrity. He has wound up many banks in trouble, notably one in St. Louis, where, through his skill and industry, depositors were most agreeably disappointed by the richness of the returns.

The charges of the directors that the secretary of state had broken his promises were then dwelt upon as follows:

The depositors and stockholders are largely of a class that cannot afford to lose anything that could be saved for them. Therefore, when Secretary of State Swanger's own specially selected and loudly endorsed directors charge him with saddling on them an entirely unnecessary and highly expensive receivership, they are hitting him very hard indeed. When they add that to bring about this unnecessary and enormous expenditures of funds sorely needed by thousands of poor people, the secretary of state violated his pledges and had recourse to most remarkable haste and secrecy in getting to Clayton ahead of all comers, they put his high office on a pillory from which he must remove it or take the consequences.

This editorial struck a popular chord and was, as we shall see, much discussed and quoted. The secretary of state, indeed, appears to have pleased no one by his apparent willingness to carry water on both shoulders. The Post-Dispatch of Wednesday evening bitterly assails him with the charge that Lewis got thirty-five thousand dollars in additional subscriptions to stock on the strength of Swanger's letter of June 2, published by the former immediately after the Post-Dispatch extra, in order to allay the fears of the stockholders and depositors. Editorially the same newspaper, however, springs to the defense of the secretary of state against the attacks of Governor Stephens and other directors by alleging that they had failed to comply with Swanger's demands. The editorial thus concludes:

The secretary of state does not owe an apology to the board of directors of this fraudulent concern for putting it in the hands of a receiver after the Federal postal authorities had put it out of business. Rather he owes the public an explanation of his incomprehensible conduct and his extraordinary letter of endorsement.

The secretary of state promptly came out in an interview in response to the strictures of the bank's directors. This gives us the first clear expression of his views. It throws light, moreover, on the mode whereby "concerted action" can be had between Federal officials and State authorities when they happen to be of the same political faith. The testimony of Director Carter, an unimpeachable witness, given before the Ashbrook Committee, is of interest in this connection. Mr. Carter recalls that Swanger seemed "anxious as to what the Postoffice Department would do about the bank." After criticising Governor Stephens for absence from the city and alleged inaction, Swanger says:

In explanation of my early action in notifying the attorney-general, I will say that late Saturday night I was informed that the Postoffice

Department would put in effect early Monday a fraud order against the bank. I believed prompt action was required. I took the course I did in order that some agent of the court might be in possession of the assets of the bank as soon as possible. When I talked with Mr. Carter on Saturday I had no definite knowledge that the fraud order would be issued, but told him that in the event it was, I should certainly take steps to take charge of the bank. Mr. Carter seems to lay great stress on my failure to meet him on Sunday, but it was inconvenient for me to do so. If I had seen him I could not have imparted that information to him, for that was given me under strict confidence of the Department and then only late Saturday night.

I do not question the integrity of the board; yet the fact remains that they had failed to comply with the requirements of this department, although given a month to do so. They were unable to successfully resist the fraud order, although this department gave them its endorsement and good-will as a board having its approval. At the time the receiver was appointed they were the directors of a bank which had been declared by the Post-office Department, through its highest officials, a fraud. The delivery of the mails to E. G. Lewis, the People's United States Bank, its officers and agents as such, had been prohibited. Now, I submit, how could the board of directors possibly liquidate the affairs of the bank when they were prohibited from receiving mail. Imagine this board trying to wind up the affairs of this bank whose depositors, creditors and stockholders are scattered all over the United States and some in foreign countries, when the only way one could communicate with them was in person, by messenger or by the use of telephone, telegraph or express.

THE EARLY BIRDS.

These contradictory interviews of Carter and Swanger afforded all the light that the newspapers could throw on the incomprehensible suddenness of the latter's change of policy. Swanger admitted that the news of the fraud order had been imparted to him "under strict confidence of the Department late Saturday night." More he would not say. The secrets of Federal interference in local affairs are jealously safeguarded. Such is the inscrutable policy of the Department. The true history of the inner action by which Fulton's policy of "concerted action" was put into effect, has long been snugly hidden. Only by weaving together threads from many lines of investigation and by close study of the surrounding circumstances has the true interplay of personalities and motives been revealed. The whole machinery of the courts of justice and the Congress of the United States had finally to be invoked to drag these matters into the light of day. At last the story can be made so clear that he who runs may read.

Inspector-in-Charge Fulton wrote Vickery that he would try to get the help of a State bank-examiner. He told the Congressional Committee that he went to Jefferson City to invoke the aid of Swanger and afterwards kept in close touch with the secretary of state. The Washington correspondents of the St. Louis dailies told how someone, on the eve of the hearing before Goodwin, brought a message to the postmaster-general from the secretary of state of Missouri. They added that the postmaster-general refused to give to the press the name of this messenger or the subject of his communication. Later, they told how Cortelyou wired to St. Louis on

Saturday afternoon, while the fraud order was in the mails en route to St. Louis, to someone whose name he would not disclose. They described how he remained at the postoffice building until midnight of Sunday waiting for the word that all was well, before he would give out his memorandum to the press.

Selden P. Spencer, close personal friend and political associate of Swanger, was present as counsel for that official at the conference on June 2 between the State authorities and the officials of the bank. He afterwards admitted, in a deposition, that he it was who waited on the postmaster-general in behalf of Swanger. He further recites that on the Saturday evening after Swanger's "purely social visit" with Director Carter, he (Spencer) was closeted with Swanger in the latter's room at the Southern Hotel. Came a knock at the door. Enter Fulton and the assistant postmaster of St. Louis, brother to Postmaster Wyman. They hold secret, whispered converse. Even Spencer is excluded. They then take their mysterious departure.

Swanger now admits to Spencer that the fraud order will issue. Even to Spencer he will say no more. Forthwith, all negotiations with the bank are broken off. Follow the activities of Sunday: the trip to Clayton, the preparation of the petition, the order of court, the exhibit. Comes next the descent upon the bank on Monday morning. The early birds caught the worm.

Was there a prearranged plan whereby the reward for "concerted action" should take the form of secret advance news of the fraud order. Did the agreement specify that such news should come early enough to permit the secretary of state to get into court and apply for a receivership, before the officials of the bank could take that step, or any other, in their own behalf? Why so much secrecy? Why these mysterious comings and goings? Why whispered conferences? Why the refusal of the postmaster-general to enlighten the public through the press? The courts of Missouri have ruled definitely that a fraud order issued by the Federal Government is an act with which the State banking department of Missouri had not the slightest concern. Did not all who took part in these secret conferences, these agreements, these prearrangements whereby "concerted action" was brought about, know the law? Did they perchance suspect that a "gentleman's agreement" among them as to "concerted action" would not bear close inspection in the light of day? Is it not conceivable that these two astute and ambitious politicians were aware that the people of Missouri would be quick to resent Federal dictation or interference in the relations of the State authorities with a local institution?

THE EARLY BIRDS ON THE GRILL.

That the explanation of the secretary of state was not acceptable to the local public is clearly shown by extracts taken from the newspapers of St. Louis city and St. Louis county. The belief was evidently general that Swanger's haste was due to motives of self-

interest, rather than to those of official duty. He was freely and publicly accused of sacrificing the welfare of the investors in the People's Bank, in order to pay political debts by securing a fat receivership for an influential friend, and by placating an offended newspaper ally. The action of the court in dismissing the receivership left him defenseless against these criticisms. Nor did the conduct of the receiver for whose selection he was responsible approve his judgment. For the receiver, as we shall see, attempted to charge the bank a fee which was generally thought to be extortionate. Nor did he yield gracefully to public protest, or even to the decision of the courts, but persisted in his demands with a degree of ardor worthy of a better cause. None of these events, as current newspaper comments show, were lost sight of by the lynx-eyed gentlemen of the press. The *Globe-Democrat* of Tuesday, July 11, chronicled the first news of the bank's campaign of defense:

Attorneys for Lewis filed a motion in the circuit court at Clayton yesterday afternoon to vacate the receivership ordered Monday by Judge McElhinney. The petition sets up nine counts why the court should set aside the receivership. The general ground is that the court exceeded its authority under the Missouri statute. Notice was served on Receiver Spencer to give him an opportunity to appear and contest the motion. The motion argues that the court has no jurisdiction to appoint a receiver when a bank is solvent, except in cases where its continuance in business would seriously jeopardize the depositors. The order is void, it is alleged, because it was issued without notice to the bank's officers and without proof of facts sufficient to warrant it. No rule was made for the officials of the bank to show cause why the order should be made. They were thus deprived of the opportunity to be heard. There was no call to show the bank's condition. Other reasons assigned are that it is an absolute decision without a hearing; that the bond for \$250,000 is to the state and does not indemnify the stockholders; that the bond is worthless, as it affords no protection; that the petition states no ground for a receivership, was not verified by oath of any officer, and is contrary to the Constitution, which guarantees immunity from unreasonable seizure of property without proper process.

A note of more intimate knowledge of the inner workings of how all these things were brought about now begins to be heard. The *Censor* and the *Mirror* came out on Thursday and devoted much space to the bank's affairs. Said the *Censor*:

They have poor Lewis down at last, and are wiping their feet on him. The thing was inevitable; for Lewis boldly entered into competition with the Big Cinch, the gang that owns and exploits everything to its own profit in this town. Lewis was securing depositors from the country. This would lessen the financial strength of the country banks which are the feeders of the Big Cinch, a perquisite that belongs exclusively to itself. The Big Cinch is very powerful. There is scarcely a doubt that it exercised influence at Washington to have the order issued to put Lewis down and out. When the Big Cinch, through action at Washington, had him going, the political curs in Missouri rushed forward to complete the process of throwing him down and taking his money away from him. The daily newspapers likewise joined the hue and cry.

Even if all they say about Lewis is true, he is no worse than the sordid motives that worked his undoing. While his scheme was original and had some peculiarities of get-rich-quick nature, it has not yet been demonstrated that it would not work out as he said it would—yea, even as he believed it would. The loaning to himself of the money of the bank, and

the making of everybody but himself figureheads, may look bad; but, from the temperamental peculiarities of Lewis, I am convinced that he was tempted to this action by what he believed were opportunities for big profits. Whatever defects his plan may have had, Lewis' enemies have not yet shown that he was, in cold-blood, trying to promote a scheme to swindle people. That is significant.

His scheme may have been doomed to failure. I should rather say that he was a victim of his own optimism. He is peculiarly a man of ideals and enthusiasms. A get-rich-quick swindler would never have done what Lewis had done. He would never have been fool enough to put his money into a costly building; employ four or five hundred people on model lines; cultivate the beautiful as well as the useful; try to become a model employer; set up a pressroom that is the finest outside of New York or Chicago; invest large sums in the development of real estate. A cynic will of course say that these substantialities were but the "suckers' bait." They are far too substantial for that, and too expensive. As a mere lure, a better showing could have been made on the expenditure of far less money and especially far less thought, enthusiasm and finish than Lewis has employed.

If he is a fraud, as his enemies allege, he has worked his game to mighty poor profit to himself. Out of something like three millions of dollars, about nine hundred thousand dollars is charged to himself, and he has claimed all along that for this the bank holds good collateral. Much of it is supposed to be invested in real estate which is as good as money. Even in this crisis Lewis' optimism does not desert him. After vehement protest that his bank is entirely solvent (which it seems is not disputed), he says he will take his case to the Federal courts and secure justice. It takes optimism to say this and believe it. The Big Cinch is against him. He is an enemy to the existing order. Is it likely then that any court will give him relief? I doubt it.

This stricture of an irresponsible local newspaper upon the probable attitude of the Federal judiciary strikes a jarringly discordant note to the ear of every thoughtful citizen. All would fain believe that a time-serving corporation lawyer or a capable pot-house politician, can be turned into an incorruptible guardian of popular liberty by simply wrapping him in a black robe and planting him on a woosack. Stern reality has taught the people that no such magic transformation can occur. The dog will go back to his vomit again. The sow that was washed will return to her wallowing in the mire. The noble traditions of the Anglo-Saxon judiciary are still upheld by the Federal bench as a whole. Doubtless, they work powerfully to restrain human prejudice and passion. But that mere political appointees who become judges cease thereby to be men of like passions with ourselves is a notion that experience does not sustain, as the present popular demand for the recall of judges fully testifies. The sequel will show that in this case the editor of the Censor turned out to be no bad prophet.

The Censor further, under the title, "Spencer's Snap," contributes thus to the element of farce-comedy:

Judge Selden P. Spencer is a shining example to the Y. M. C. A., and one of the prominent churchmen in the city. He is rated among the ultragodly. He has that extreme respectability which pains the victim lest something should happen that is not altogether proper. * * * Despite the fact that he is a strong believer in the odious "lid," he is not the sort of a man to allow the Lord's Day, or his great religious pose, to interfere

with matters that have such pith and substance as the Lewis receivership. The judge evidently regards this as a "work of necessity."

The fraud order was received by Postmaster Wyman at 9 a. m. Monday. Half an hour afterwards the announcement of the appointment of a receiver was made. In such an affair it is necessary to draw up a long petition for a receivership, make out a formal order for the court to sign, and draw up, sign and have witnessed the bond of the receiver. All this clerical work would require perhaps a half-day's time. There is no question that all these papers were drawn before the fraud order reached St. Louis. They were drawn on Sunday.

It is easy to imagine what happened. Before Swanger could reach Carter to complete the matter of the receivership, he was nailed by Spencer. Spencer had just returned from Washington. This in itself is a thing most significant. He evidently had inside information as to the issuance of the fraud order. Perhaps, he even helped to promote it and drew his fee from the Big Cinch for doing it, or else began away back there to create himself a receivership.

Not the least ugly feature is the voluntary action of Spencer in petitioning to have his own bond increased. This is not because Spencer is afraid of his own honesty, as might appear; but is due to his desire to increase his percentage of commission, as it seems the commission varies in amount with the size of the bond. The receiver now thinks the bank will pay seventy-five per cent on the dollar. It would pay one hundred cents on the dollar, if not forced to pay for the receivership.

Yet the deal was fixed on Sunday, the holy day, on which all forms of labor, not to single out labor which involves the working out, covertly, of a politico-financial job, is absolutely forbidden! And here was this exemplar of the coldest, most Puritanical conception of religion,—this monitor to wicked men who were not averse to a sinful glass of beer on this terrifying day,—out at Clayton, putting up a job through underhanded political pull, to beat all rivals to this rich receivership.

The public disapproval of this hasty action became daily more apparent. The two St. Louis county local papers, the *Argus* and the *Watchman-Advocate*, of July 14 now took a hand in the controversy. The *Advocate* quoted from the *Star-Chronicle* editorial already given, which appears to have struck a note of popular approval, and voiced this conclusion:

The unwarranted, hasty action of Mr. Swanger in this matter was nothing short of a high-handed proceeding. It certainly lays him open to severe and uncomplimentary criticism. Unless he is capable of offering a more convincing explanation than he has yet made, public confidence in him and his official character will remain severely and unalterably shaken.

The *Argus*, in addition to a lengthy news item in which it is alleged that "Judge Spencer was named to take charge of the bank, in pursuance of what seems to be a previously concocted scheme between himself, Swanger and Attorney-General Hadley," prints a lengthy editorial, from which some paragraphs may be quoted as showing the way in which the receivership was looked upon as legal spoil:

Judge Selden P. Spencer is at last in a position to receive his reward for the strenuous manner in which he whooped it up for the Republican ticket in Missouri last year. The position as the receiver of the People's United States Bank is a bigger slice of pie, so far as money is concerned, than all the other spoils of victory that have or will come to the Republican party in Missouri during the present administration. Spencer was slated for a certain judgeship, but lost out. He received a number of votes for

Cockrell's seat in the United States Senate, but was not elected. His appointment as receiver of the Lewis bank was plainly prearranged. There is not a bit of doubt that the scheme was concocted between himself and the secretary of state, when the investigation first revealed the fact that the bank was likely to become a target for official interference.

Swanger "happened" to be in St. Louis on Saturday night when the first "confidential" information was noised about that the bank would on Monday morning be denied the mails. In a drizzling rain on Sunday morning * * * he got his good friend, Spencer, and together they came to Clayton, where it was arranged that a receivership should be applied for early Monday. When court opened they were on hand. Judge Spencer had his bond ready. Lewis was neither warned nor notified of what was to take place. He was kicked out summarily and without opportunity for defense or explanation. Judge Spencer was installed. The political debt of Swanger, Hadley and Company was paid.

Thus frankly are the official acts of State and local officers subject to public scrutiny and analysis. Meantime, what of the real author of all this mischief, George Bruce Cortelyou? Back East, a thousand miles away, surrounded by the adulation of official Washington, he sat like the high gods upon Olympus, in an atmosphere remote from the noisy strife of tongues. As to him, the press was silent. The voice of criticism was still. For one thing, the St. Louis public hardly knew the man. He was too far away. For another, it is not well for a newspaper to antagonize the guardians of the mails. Nor does a Washington correspondent prosper who criticizes too freely the official conduct of influential members of the Cabinet. Not a single daily newspaper in St. Louis lifted its voice in earnest protest against the act of the postmaster-general in issuing the fraud order itself.

The State authorities of Missouri, meanwhile, despite all criticism, had no idea of giving up the bank without a struggle. Even after their motives had been impugned as mercenary, they insisted upon the legality and propriety of their course and prepared to defend their action in the courts. The Post-Dispatch, on July 14, hit off the humor of the situation in the two-column cartoon entitled, "Typewriter Pyrotechnics," reproduced elsewhere. It also ran an editorial leader entitled, "Culpable Bank Management," criticising equally the secretary of state and the People's Bank officials. Under the title, "Continuance Taken in Case of Lewis' Bank," it says:

Arguments for and against the motion to set aside the receivership of the People's United States Bank were heard before Judge McElhinney today and the hearing was continued until Saturday morning to enable Attorney-General Hadley to look up authorities. He stated that the People's United States Bank was "an unusual and extraordinary institution and required closer scrutiny than others" * * * He was not prepared, he said, to dispute at once the contentions of the attorneys on the other side. He, therefore, asked for time to consult authorities.

"On Saturday," says the Globe-Democrat, "Receiver Selden P. Spencer, by his attorneys, filed an inventory showing that the assets of the People's United States Bank totaled \$2,679,244.74." A list of the assets was published in full in both of the morning papers, the Republic adding: "The report is voluminous. It consists of

five exhibits comprised in fifteen closely typewritten pages. The receiver stated that he had placed for collection such loans as were already due, except that for the promotion expenses, which had not yet been adjusted." Under the sub-title, "Lawyers Criticise Swanger," the Republic carried an item, the effect of which on current public opinion in St. Louis was decisively against the State officials and which foreshadowed the final action of the courts. It says:

Isaac H. Lionberger, former Assistant United States Attorney-General and a prominent member of his profession in St. Louis, declared yesterday that he regarded the action of Secretary of State Swanger as being hasty and unwarranted. He said the case had caused unusual comment among members of the St. Louis bar and that the majority were of the same opinion as he. * * * "While I do not criticize the postmaster-general," said Mr. Lionberger, "I do say that the appointment of the receiver is calculated to arouse the gravest suspicions."

OUSTER OF THE EARLY BIRDS.

A marked falling off in the number of newspaper clippings from the out-of-town press on Monday, July 17, seemed to indicate, however, that the nine days' wonder over the bank had about run its course. Then, suddenly, the people of St. Louis were electrified and national interest was revived by the startling news thrown on the streets as "extras" on that day by the St. Louis evening papers. The receiver had been ousted and the bank returned to the custody of its own officials. So intense was the local interest that the Post-Dispatch not only brought out the story as an "extra," but ran it under no fewer than four separate make-ups in course of the afternoon. Under the title, "Court Dissolves Lewis Receivership: Blames Swanger," the Post-Dispatch thus tells the story:

Judge McElhinney, today, ordered the dissolution of the receivership of the People's United States Bank. He directed the receiver to make a report to the court of his accounts. Notice of the court's decision was served on the receiver by the sheriff. The receiver notified Lewis of the court's action, surrendered the bank and left the banking room. By this decision, Judge McElhinney sustained the motion of the attorneys for Lewis, filed and argued last week. He revoked the order, issued a week ago, on which Judge Spencer was appointed. In announcing his decision from the bench at the opening of the court, Judge McElhinney stated, merely, that he was without jurisdiction. To a reporter he said:

"I revoked the receivership order chiefly on the ground that no state of insolvency had been shown. Secretary of State Swanger had not even taken charge to ascertain whether the condition was unsafe. * * * It is plainly the intention of the law that the secretary of state should assume charge of the bank and ascertain its condition before asking for a receiver. The application was illegal. This was the decisive feature of the case."

Judge Spencer refused to discuss the court's action. He was asked what the cost of the receivership would be, which the State will now have to pay, but said he did not know. One item of five thousand dollars is for Spencer's million dollar surety. Secretary of State Swanger, interviewed at Jefferson City, stated that the decision was an entire surprise. It seemed to him to have been given under a misapprehension of the law. He stated that in his judgment the court failed to grasp the real point of the case.

If anyone ever doubted that University City was in a state of siege, the above facts ought to convince him. The *Star-Chronicle* announced the news that the receiver had been ousted, in a two-column article, which read thus:

The directors of the People's United States Bank will resume control following the court's decision ousting the receiver. They went into executive session at 1:00 p. m., for the purpose of determining whether or not any more money should be returned to depositors. Only about twenty-five thousand dollars has thus far been returned. The bank's books, papers and funds are now in charge of the president and directors. Until a formal charge of insolvency is preferred the People's United States Bank will be open for business.

The return of the bank to its own officers once more put them in control of a well-supplied war chest. The directors met immediately to put the bank into a posture of defense and to plan a further campaign against the postmaster-general in the Federal courts. The effect of the ouster of the first receiver was to confirm the feeling in local business and banking circles that an outrage had been done, and to revive public sympathy for the distressed institution. Hardly had the directors assumed charge of the bank, moreover, than it was found that the first receiver had fixed the value of his services while "clothed with a little brief authority," at the sum of twelve thousand dollars. Furthermore, with regard, doubtless, to the maxim that possession is nine points of the law, he had deposited that sum, subject to the order of the court, in another bank.

SPENCER ASKS ONE DOLLAR AND SEVENTY-THREE CENTS PER MINUTE.

This was more than the public could stand. Not only did Lewis and the directorate of the bank denounce this proceeding. Practically, the entire press of St. Louis exploded with indignation, sarcasm and invective. The sympathy of the public was by this time pretty definitely with the People's Bank. It became the common gossip of the streets that an attempt had been made to wreck a solvent institution in the interests of a group of political spoilsmen. The extent to which the pressure of the Federal administration had been brought to bear upon the secretary of state was hidden from the press. The part played by Federal spies, the postoffice inspectors, in their secret goings and comings, their mysterious conferences with the officials of the State banking department in hotel rooms and other private places, was not known. All this was decently screened from public view. Swanger, in short, was left in the role of the cat which pulled the monkey's chestnuts out of the fire. Practically the whole onus of newspaper criticism rested upon him.

Had the secretary of state and the first receiver acquiesced in the decision of the court, they would have been spared much of the agitation and criticism which followed. True, Judge Spencer announced that he would not personally contest the motion to vacate the receivership, because, as an officer of the court, he was not properly a party to the controversy. That duty, he said, devolved upon the State officials. The secretary of state and the attorney-

general, however, promptly took up the cudgels in his behalf. Both sides were now fighting bitterly. The newspaper agitation and discussion was thus prolonged. Under the title, "Swanger and the Bank," the Republic thus comments editorially:

By revoking the order which threw the People's United States Bank into receivership, Judge McElhinney impliedly raps the eminent secretary of state over the knuckles for hot haste and disregard of the shareholder's interest. * * * Proceeding evidently on the notion that it is the early bird that catches the worm, Mr. Swanger, accompanied by his warm friend, the receiver, had gone to Clayton bright and early at the first possible opportunity after the issuance of the fraud order. Everything was in a state of preparation in so far as their petition and bond were concerned. They procured the receivership order without notice. * * * The public will not soon forget this conduct of the secretary of state. He is seen to have been too zealous on the side of placing a political favor. * * * It was a crude, a raw piece of business. It was an abuse of office. Was it not an attempted spoils-grabbing by a State functionary in the interests of politics and party.

Meanwhile, some bitterness was being shown among the attacking forces. The Post-Dispatch, commenting editorially on "Mr. Swanger's Responsibility," says:

It is a pity that the insufficiency of the petition did not occur to the court before the order for a receivership was issued. The mess caused by the bungling of all the parties to the receivership is not an edifying spectacle.

Lewis' friend, the Star-Chronicle, on Tuesday remarks:

Somebody blundered, and blundered so badly that the State or some one besides the bank, must lose seven thousand dollars and whatever costs may accrue to put the concern back where it was. The contention that the bank should pay these sums seems to a layman as preposterous as would the claim of a burglar caught in the act, for the loss of dynamite used to get in, the tools captured by the police and the time spent in preparing for and carrying out the raid.

Then came the item of news above mentioned touching the enormous fees claimed by the receiver for his services. This was first published in the Thursday morning papers July 20. It gave new zest to the newspaper scandal touching the first receivership. The Republic devotes two columns to the "day's events in the Lewis bank case" under the heading, "Spencer's Fees \$12,000." The article proceeds:

Judge Selden P. Spencer, the ousted receiver of the People's United States Bank, had deposited \$12,100 of the bank funds in the St. Louis County Bank at Clayton for his fees and the expenses of ten days' administration of the assets of that institution. This item was stated, among others, in Spencer's final report to Judge McElhinney in the Clayton Circuit Court. Of this amount, it was said the receiver paid \$5,000 for a bond. His attorneys will probably receive about \$1,000. Tyrell Williams, a young attorney in Judge Spencer's office, was paid one hundred and fifty dollars for three opinions he gave last week. The incidental expenses probably will run the cost up to \$7,000, leaving a \$5,000 fee for the receiver. This is an average of \$500 a day for the ten days of his service. This matter of costs, however, is a mooted point. Spencer's attorneys claim that the bank is liable. This is disputed by its legal advisers. They con-

tend that the costs in all cases are assessed against the losing party. They say the state of Missouri must pay.

The Post-Dispatch of Thursday evening publishes at the head of a three-column story a tabulation of statistics upon which Receiver Spencer claims total fees of \$12,150. This was entitled, "Receiver Spencer Asks \$1.73 for Each Crowded Minute." The duration of the receivership was stated as eight days. The cost of two lawyers per day was put at \$125. The lawyers were said to have made no appearance in court. They appeared once at the receiver's office, were visited by Judge Spencer on two occasions, and filed but one document with the court. The time Judge Spencer devoted to the receivership, namely, eight days, reckoned at an average time per day of six hours, was shown to represent a cost for his services of \$625 per day, \$104.16 per hour, or \$1.73 per minute!

Under the caption, "Swanger Says Law Forbids Him Control," occurs this explanation:

There are two courses open under the Missouri law to the secretary of state in closing up the affairs of a bank. First, if the secretary of state finds that the bank is being conducted on irregular or unsafe lines, it is his duty to report this fact to the attorney-general, who shall petition the proper court to appoint a receiver, or to order such other remedy as the court may think best suited to the case. Second, if a bank is found insolvent the secretary of state shall immediately take charge. The law provides that he shall have charge for not more than sixty days. A receivership follows in this case also. While in all bank statements the capital stock is listed as liabilities, the courts have held that the stockholders are the bank. A bank is not insolvent, therefore, unless it is unable to pay its depositors and other creditors, not including stockholders. The Lewis bank is not insolvent in this sense. The deposits are small compared with the paid-up capital stock. Therefore, I cannot under the law take charge. For this reason I took the action first set forth. The matter is now in the hands of Judge McElhinney.

Under the sub-title, "Judge Considering Renaming Receiver," the following item is printed:

Judge McElhinney said today that he was still undecided whether to renew the appointment of a receiver for the People's United States Bank. He is giving the matter deep consideration and expects to hand down an opinion within the next few days. He said that the fraud order complicated matters somewhat, but would not necessarily justify a receivership.

Under the caption, "Directors Ready to Wind Up Bank Affairs," the following statement was attributed to ex-Governor Stephens:

The board of directors probably will proceed to liquidate the affairs of the bank if the fraud order remains in force. The directors wish to have the matter passed upon by the highest judicial authority. If it should be finally determined that the bank cannot continue in the mail order business, then, in my judgment, there will be nothing left for us to do but to return to the depositors and stockholders their money. The present board believes that every depositor and stockholder will get dollar for dollar of the amount put into the bank. No receiver will be necessary to its affairs.

The Censor thus summarizes the gossip of the streets for the week:

The weather on Monday was decidedly torrid, but it is a safe bet that despite the weather Brothers Spencer, Swanger and Niedringhaus had cold chills. For Judge McElhinney that day declared the receivership of the

Lewis bank vacant. He thus struck from their eager hands a juicy sine-cure of something like \$200,000.

The thing was all fixed. Spencer had been to Washington and presumably returned loaded with conclusive information that a fraud order was on its way. He seized Swanger, who was in town that Sunday, and it is easy to believe that they and others of the Niedringhaus faction fixed up the job. Swanger and Spencer, with a long petition, an unsigned order of the court, and Spencer's bond, were to appear before Judge McElhinney at Clayton and persuade him to sign the order before he could give the matter any thought. That this was done, is shown by Judge McElhinney in rescinding his own action. Swanger had his man appointed, and his petition, bond and order of court in evidence half an hour after Wyman received the fraud order.

Then Receiver Spencer discovered that his own bond was not nearly big enough. He voluntarily increased it to one million dollars, a little proceeding which will cost somebody \$5,000. If Spencer had stayed in, the stockholders must have footed the bills. The increased bond was given to enormously enlarge the sum which the stockholders would have had to pay. Besides these fees, the gang was looking forward to all kinds of attorney and other fees and expenses for their retainers. It was about the juiciest thing that ever fell to the lot of Missouri politicians, * * * and then, just as they were ready to enjoy it, Judge McElhinney took the whole proposition out of their hands. Ah! Cruel, Cruel Judge!

The Censor also propounds the query whether "Brother Spencer" thinks the loss of the Lewis receivership a providential punishment for having desecrated the Sabbath by drawing up the legal papers and making the trip to Clayton for the conference at which the preliminaries were agreed upon.

The Watchman-Advocate, a St. Louis county local paper, after reviewing the history of the receivership and stating that Spencer had been ousted, comments as follows:

This should have ended the whole scandalous affair. The wrong inflicted would thus have been in a degree palliated; but, Mr. Swanger, instead of allowing the matter to rest here, again rushes into court with all the legal machinery at his command, pleading that something be done to justify his action.

FIRST STEPS IN LIQUIDATION.

Once the bank was restored to its directors, Lewis and his associates began to take active steps toward liquidating its affairs. The directors were of the opinion that the bank could pay its stockholders and depositors dollar for dollar, with the possible exception of the promotion expenses represented by the directors' note and the cost of litigation touching the receivership and fraud order. The loans of the bank, as we have seen, were fully secured. It was believed that they could be taken up without loss at their maturity. Steps were taken, however, to raise funds to take up these loans forthwith. The St. Louis Globe-Democrat of Saturday, July 22, contained the following news item:

The first steps toward liquidating the loan of \$444,000 made by the bank to the University Heights Realty and Development Company will begin today when the two hundred and ten lots belonging to the company will be offered for sale. These lots form a part in the eighty-five acre tract of land on which the bank has a first lien. The directors state that if the



¹Group of employees of the Lewis Publishing Company in the prosperous year of 1904, prior to the attacks of the Government

²Group of employees ready to welcome Lewis on the occasion of his acquittal by Judge Riner, May 14, 1908



¹Original subscription orders of the Woman's Magazine and the Woman's Farm Journal, counted by the Citizens' Committee and the Government (Fetis) Commission. They were left in this condition at the close of the latter count

²Fetis Commission at work ³Citizens' Committee at work

⁴Citizens' Committee at work

lots bring a minimum price, the loan will be paid off and leave a balance of more than \$200,000.

This has nothing to do with the loan to the Lewis Publishing Company amounting, originally, to about four hundred thousand dollars, and secured by a lien on the Woman's Magazine property. This indebtedness is in the nature of a graduated loan, payable in monthly payments. The amount has now been reduced to about three hundred and eighty thousand dollars. The directors held a meeting last night. Arrangements for the sale of lots today were perfected, but in the absence of Director Meyer no formal business was taken up. "It was a sort of experience meeting," said ex-Governor Stephens. The directors will meet again this afternoon, when they may outline the future policy of the bank.

Under the title, "Many Purchases Made of Lewis Tract of Lots," the Sunday Republic gives news of the sale:

Many prominent residents of St. Louis were at the sale of the tract of land which was disposed of by E. G. Lewis yesterday, and purchased lots. Judge George H. Shields and Judge Shepard Barclay, each made purchases. They will erect homes on the property. Theodore F. Meyer and James F. Coyle, former Governor Stephens and several other business men secured lots. The majority of the sales were merely investments. The sale was at University Heights, where Mr. Lewis has 31,000 front feet of real estate which has recently been sub-divided. While not all of the land was disposed of, the sale was an unusual success.

Notwithstanding the steps thus taken by the directors to liquidate the loans of the bank, the State officials and the receiver continued their active opposition. The receiver still persisted in his intention to collect his fees. The proceedings which followed gave Lewis and his associates the first opportunity they had enjoyed to testify as to the security for the loans of the bank, and the circumstances under which they had been made. Many of these details now became known for the first time to the local public, with the effect that additional sympathy for the distressed institution was aroused.

EXIT JUDGE SPENCER.

On Monday, July 30, ex-Receiver Spencer filed a supplemental report in the nature of a rejoinder to the bank in the matter of his claim for fees and expenses. This action led to considerable newspaper comment. The Globe-Democrat, after stating the legal points involved, announced that a decision as to whether the bank should pay these expenses was expected on Saturday. The article continues:

Regarding his claim against the bank, Judge Spencer said, "The entire expense of the receivership was less than half of one per cent of the amount passing through my hands. I might have asked in fairness for much more than I did. I should be glad to donate my services if it would materially help the poor depositors and stockholders, for in all the history in the world no more pathetic accumulation of money has ever been brought to public notice. Much of it represents the small savings of the very poor. It is the all of many a widow, orphan and invalid. It means suffering to hundreds if such sums are wasted.

The Chronicle thus comments editorially on the above interview:

No truer or more pathetic words were ever spoken than those used by Judge Selden P. Spencer, removed receiver of the Lewis Bank, in describing the present crisis of that concern. They reflect equal credit on his acu-

men as a lawyer, his discernment as a financial expert, and his broad and kindly sympathy as a man. To waste such a fund would be a crime of crimes. To take away from such unfortunates the little sums hoarded to alleviate the hardships of sickness, misery and old age would be more cruel than to take away their lives. Isn't it singular, therefore, that so humane a man should use should language in a legal argument, the purpose of which is to collect for himself \$12,000 out of these "pathetic accumulations," as the price of a receivership, as to which Judge McElhinney has decided that it had no warrant of law. * * * If a mistake was made in the hurry and rush of that trip out to Clayton and into the court to get the receivership aforesaid, why should the "very poor" be made to pay the piper?

The amended petition of Attorney-General Hadley asking the court to take charge of the bank came up for argument before Judge McElhinney on Friday, August 11. Practically the entire day was taken up. Attorney-General Hadley was said to have delivered a severe two-hour arraignment of Lewis and the bank. General Shields, in behalf of the bank, replied in a strain of sarcasm touching the recent appointment of Receiver Spencer. He declared that the evidence on which the bank had been thrown into a receivership was hear-say. The institution, he said, was solvent. The question of Judge Spencer's fees was postponed. The hearing was resumed on Saturday, August 12. The Globe-Democrat of Sunday morning thus reports the proceedings:

Three affidavits made for the purpose of showing why the court should not take charge of the bank were filed by Judge Barclay. One was made by E. G. Lewis, president, another by Theodore F. Meyer, secretary, the third by N. Lee Travers, an attorney. Mr. Lewis avers that since a time prior to the filing of the amended petition by the attorney-general, the bank has not had any of its funds invested in stocks of other companies to which the State bank-examiners objected. Touching the loan to the University Heights Company, which it was alleged was insufficiently secured, Mr. Lewis places the value of the property at \$900,000. The value of the Woman's Magazine property, also held as collateral, he placed at over a million dollars. The \$55,000 indebtedness mentioned in Swanger's letter to Hadley as a personal loan to Lewis, it was said, had been wiped out. The items of one hundred forty-six thousand dollars alleged organization expenses, it was stated, had been referred by the secretary of state to the board of directors to audit and adjust, after ascertaining the proper amount to be charged off in that manner.

At the conclusion of the hearing, the attorney-general's motion to vacate the order of court ousting the receiver was overruled. The only phase of the first receivership still open—namely, the question of the receiver's compensation for his services and expenses—came up for adjudication on Tuesday, September 5. The Post-Dispatch then printed this news item under the headlines, "Spencer Gets Only \$2,500 for His \$10,000 Claim":

Judge McElhinney handed down his opinion Tuesday on the motion, recently filed by the People's United States Bank, to compel former Receiver Spencer to return certain funds to the bank amounting to \$12,100. These he had reserved to cover his alleged "just and reasonable expenses" while acting as receiver. Judge McElhinney cuts Spencer's claim for \$10,000 to \$2,500. He says the receiver's claim for \$10,000 was evidently made on the basis of professional service, whereas the chief value of a receiver lies

in the ability and integrity required. He reduces the \$1,000 charge for attorneys' fees to \$500, because two attorneys were employed while only one was necessary. He then ruled that the expenses of the receivership cannot be withheld out of the bank's funds, but must be taxed as costs in the case, to be paid in case of appeal, by the losing litigant.

The court's opinion was delivered orally and, at the request of Judge Spencer and the bank attorneys, Judge McElhinney withheld the delivery of his opinion until the beginning of the September term. The Republic, commenting editorially on the reduction of Judge Spencer's claim, concludes:

The older the first transaction grows the worse it looks. It bids fair to stand as a lasting discredit to the political motives which inspired the secretary's hasty plan and half-baked action.

Without tracing in further detail the history of this receivership, it may be here recorded that the Supreme Court of Missouri, during the April term of 1906, sitting in banc, sustained the decision of Judge McElhinney. The opinion of the court was rendered by Judge Leroy D. Valliant. After reciting the circumstances of the receivership, the fraud order and the revocation of the receivership, it proceeds:

On October 21, 1905, the motion of the receiver for his costs and compensation came on for hearing. The court then made an order allowing him two thousand, five hundred dollars compensation for seven days' services, five hundred dollars for his attorneys' fees, and one hundred fifty dollars legal advice from another attorney. It was further ordered that a total amount of three thousand, one hundred and fifty dollars be taxed as costs incurred by the plaintiff in this action. From that order the receiver has prosecuted this appeal. There are two points urged by the appellant, first, that the sum allowed is inadequate; second, that he should have been allowed to retain the sum out of funds that had come into his hands as receiver, without the hazard of having it taxed as costs to abide the result of suit.

After reviewing the claims of the appellant and dismissing the fraud order as a proceeding with which the State courts had nothing to do, the court concludes:

We must, therefore, proceed to the consideration of the question before us with the conclusion that the learned trial judge, after due deliberation and second thought, was aright when he said that his act in appointing the receiver was "without authority and jurisdiction." It was absolutely wrong and a violation of the defendant's rights. * * * We have not been pointed to any authority which holds that where there was absolutely no justification in the act of appointing a receiver, and the act was in its nature to the injury of the defendant, that he should nevertheless pay for the injury which was done him. And if there are any such authorities we do not care to see them. * * * The fact that the State of Missouri is the plaintiff, and that no judgment for costs can be rendered against the State, cannot alter the result. If the defendant is not otherwise liable, it cannot be rendered liable by the fact that there is no one else against whom the judgment can go. The learned trial judge decided this point correctly. The judgment is affirmed.

Even after the foregoing opinion had been delivered, a motion for rehearing of the case was filed. Judge Spencer took the ground that a portion of his expense consisted of attorneys' fees. These,

he alleged, had been paid by him in cash, and for these he felt that he should, therefore, have been reimbursed. He insisted that he was appointed as receiver "merely to preserve" the assets of a bank which, in the nature of the case, the bank could not for a time preserve for itself, and that the court had failed to recognize the difference between his compensation as receiver and the amounts actually paid out of his own pocket in the preservation of the estate. The case may be drawn to a close by an amusing comment in the brief filed by counsel for the bank, from which we quote:

The persistency which the learned receiver exhibits in this melting summer weather is perhaps only a manifestation of that sort of Christian charity which is said to "begin at home." * * * With all respect due to the honored jurist, the supposed contention "decisive of the case," to quote from his motion for rehearing, appears singularly like one of a distinguished Irish counsel who once argued a motion for a new trial before a patient judge. His Honor, having consecutively overruled the first two points of the learned counsel, was paralyzed by his next remark, "In that event I have another point to submit which is equally as conclusive." * * * The main contention and ruling of the court is sound, safe and sane from every standpoint, legal and moral. Where the order appointing a receiver is void, (as in this case, for want of jurisdiction, for want of notice and for want of facts alleged to warrant summary action of that sort), the receiver has no standing to claim compensation for his services. Still less can he claim to charge the estate, over which he has no lawful power, by incurring expenses for attorneys.

The appointment is void. And it would be a curious kind of jurisprudence which would allow a void seizure of a solvent and sound bank to furnish ground to force the victims of such an attack to pay any part of the expenses of the performance. * * * The parties who took a hand in that void and unwarranted attack on the bank, have left at best a sorry record. At that very moment it should have been accorded the protection which the Missouri laws, under which it was incorporated, afford. These very parties should have given the bank their support against the cruel and un-American assault made upon it by the Federal authorities. But, perhaps the most remarkable part of that record is the insistence of the learned receiver that the expenses of his part in those void proceedings should be paid out of the bank's own funds. The idea is unique. But a court would be strangely constituted, indeed, which would tolerate it for a moment.

The Supreme Court in banc entered an order on July 30, 1906, overruling the appellant's motion.

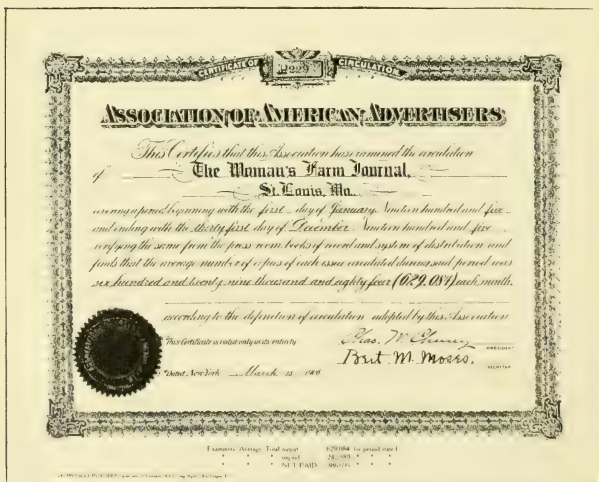
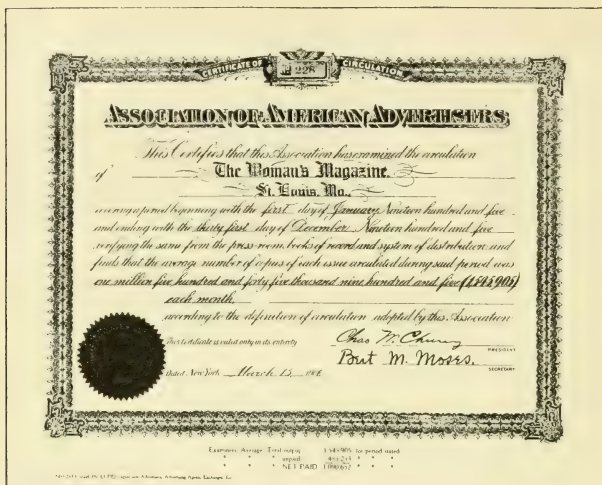
Judge Spencer, in a letter to the chairman of the Ashbrook Committee, complains that "Lewis so manipulated affairs that he never received any compensation for his services." More recently, a final decision has assessed the costs of the case against the State of Missouri. The way is now open for the presentation of a bill to the Missouri House of Representatives for an appropriation from the treasury for this purpose, which action, if taken, will bring the costly and ill-advised campaign of the State authorities against the People's United States Bank to an inglorious end.

Let us now inquire, how went the campaign against the Federal authorities which was being waged at the same time by the officers and counsel for the bank.

"Tabulated summary of the subscription lists of the Woman's Magazine, signed and certified by the supervisors and accountant of the Citizens' Committee, February 1906"

For the year ending December 31, 1905

1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	88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Certificates of the Association of American Advertisers, showing the circulation of the Woman's Magazine and the Woman's Farm Journal for the year 1905 as 1,545,905 and 629,084, respectively, according to the standards of that body. Shortly thereafter the mailings were arbitrarily limited by the Postmaster of St. Louis to about one-third of these figures.

The proceedings in the Federal court, as shown by the official transcript of the record of the People's United States Bank, appellant, vs. Gilson et al., were initiated by the filing of a petition in equity praying for an injunction against the fraud order. To this were attached as exhibits a statement of the condition of the bank as of July 8, and copies of the citation to appear at Washington, the Lawrence memorandum and the motion made at the hearing before Goodwin to dismiss the charges. The first fanfare of trumpets before the contest opened, appeared in the Globe-Democrat of Tuesday, July 11, in the form of an interview with Judge Shepard Barclay of counsel for the bank. Under the heading, "People's Bank to Open Fight in Court Today," is this announcement:

Application for an injunction to prevent the enforcement of the fraud order will be filed this morning in the United States Circuit Court. Judge Shepard Barclay, attorney for Lewis, had the petition drawn up last night. It contains an extended recital of the bank's organization, affairs, and methods. It shows that the bank is dependent on the use of the mails for the transaction of business. The fraud order is attacked on the ground that it deprives the petitioner of rights and property without due process of law. The entire system of fraud order procedure in the Postoffice Department is arraigned as illegal, unfair, un-American, and in conflict with the Federal Constitution.

In support of this contention, the court is asked to take cognizance of certain assertions of fact. These are in substance: that the postmaster-general refused to hear the case in person; that the assistant attorney-general for the Postoffice Department refused to submit the report of the postoffice inspectors to the petitioner in order to permit a proper defense; that he accepted the charges in the report as *prima facie* evidence of fraud contrary to a spirit of fairness and justice; and that the petitioner was not allowed to examine the Government's witnesses under oath. It is held that, by this procedure, Lewis is not only found guilty of fraud, or attempted fraud, against the postal laws, but is likewise adjudged guilty or the equivalent thereto, of criminal conduct, all without such a trial as is contemplated by law. The petition makes a general denial of all charges of fraud or deception in organizing and operating the bank. It represents the bank as solvent and as able to continue so, but for the intervention of the postoffice authorities.

CAMPAIGN IN THE FEDERAL COURTS.

The result of this first skirmish is thus chronicled in a Post-Dispatch news item on July 12, under the sub-head "Temporary Order Stops Stamping of Mail 'Fraudulent'":

A temporary restraining order was issued at 11:30 a. m., by Judge Smith McPherson of Iowa in the United States District Court. This runs against Henry J. Gilson, in charge of the Winner Branch postoffice; Frank Wyman, postmaster, and Henry P. Wyman, assistant postmaster. It requires them to discontinue stamping the mail of the People's United States Bank and E. G. Lewis' "fraudulent," and forbids them to return it to the senders. The defendants are cited to appear next Tuesday, July 18, and show cause why an injunction should not issue against them. Meantime, mail will not be delivered to the bank or Lewis. It will be held at the St. Louis postoffice without being stamped "fraudulent," pending final action.

This order was obeyed and for some time thereafter the incoming mail of the bank could neither be delivered to its officers nor re-

turned to the sender. It was impounded at the St. Louis postoffice. The Post-Dispatch on Monday, July 17, in course of an article on the ousting of the receiver, prints this item under the sub-head "Thousands of Letters Await Lewis Fraud Order Decision":

Judge McPherson is expected to decide Tuesday on the application for an injunction against the enforcement of the fraud order. The local post-office officials hope there will be no delay, because the interrupted mail is assuming huge proportions. There are letters twenty-three feet deep in the cashier's vault, where they are being kept for safety. Hundreds of these letters are addressed to E. G. Lewis, President of the Woman's Magazine, and marked "Personal." There is nothing to show they are intended for the bank. They are held under the general terms of the fraud order. Hundreds of these letters are addressed by women. They come from cities and remote postoffices all over the Nation. These are specially scrutinized, for the wife of the promoter is visiting out of the city and the postoffice officials are eager to deliver any she may write. They say, however, it is practically impossible for them to distinguish between a letter from Mrs. Lewis and one from a customer of the bank. If Judge McPherson grants the injunction, these letters will be delivered at once to Lewis. If not, the letters and postoffice money orders will be at once returned to the writers.

The Globe-Democrat of Tuesday, July 18, summarized thus the argument of counsel in the first legal battle of the bank with the Federal forces:

In argument before Judge Smith McPherson today, attorneys for E. G. Lewis declared that he was not opposing the fraud order against himself. The presentation was said to be by the People's United States Bank, only. Attorneys for the bank argued that the representations complained of were made by Lewis before the organization of the bank. A promoter's contract, they said, cannot be fastened on a corporation, unless the latter adopts it or accepts its benefits. Counsel for the Government argued that Congress had constituted the postmaster-general in such cases, a court of last resort. His act, they claimed, cannot be attacked, unless he is charged with fraud or malice. The use of the mail was alleged to be a mere privilege conferred by Congress. The withholding of that privilege for reasons authorized by Congress was said to be not a violation of the Constitution.

M'PHERSON'S OPINION.

The general interest was again fanned into a blaze, and more fuel was added to the flames by the amazing outcome of this hearing. The consequences of this episode are strangely interwoven in the pattern of Lewis' after-life. It is worthy of more than passing notice. On Wednesday, July 19, the court handed down an order denying the relief prayed for. Not content, however, with a formal order, and an opinion, based upon the law and the judicial precedents thought by him to be controlling, His Honor delivered an opinion scoring in unmeasured terms the entire enterprise. The Post-Dispatch signalized the news of this decisive victory for the Federal forces in a three-column article under five-column scare heads. This was accompanied by the pen picture of Federal Judge McPherson which is elsewhere reproduced. The article opens:

Judge Smith McPherson refused, Wednesday, the injunction asked by the Lewis bank against Postmaster Wyman, to restrain him from carrying out the fraud order. He set aside the temporary restraining order, issued

a week ago, on which the postmaster has been compelled to hold the Lewis mail. Immediately after the decision, Assistant Postmaster Henry P. Wyman gave instructions to clerks to begin stamping "Fraudulent" and returning to senders, the thousands of letters that have been accumulating since the restraining order was issued a week ago. It is expected that all this mail will be sent out by Wednesday night. Judge Barclay, who represented the Lewis bank, immediately asked the court to grant time to file a supplemental bill. He also asked that the temporary restraining order be continued in force until after further hearing. This the court refused.

Under the caption—"Court's Comments Are Cause of Amusement," the following bit of buffoonery is attributed to the presiding judge:

During the progress of the hearing considerable amusement was created by Judge McPherson's comments, interjected between arguments of counsel. At one point of former Judge Barclay's speech, in which counsel took occasion to describe the tons of mail being held in the vaults of the post-office, addressed to the bank, the court interrupted. "Judge," asked Judge McPherson of Barclay, "Have you ever read Irving's 'Great Mississippi Bubble?'" "I have, your Honor," replied Judge Barclay, surprised. "Well," said Judge McPherson, with a smile, "you doubtless remember then how the eager investors during the first six months of the bubble became greatly enraged because, owing to the rush to invest in that speculation, they could not get in quick enough, and how for the next six months they were more enraged because they could not get out fast enough." A ripple of laughter went through the courtroom. "I have been through a like experience myself," said Judge McPherson, "and, judging from the knowing smiles I now see on the faces of those in this courtroom, I am inclined to believe there may be others here who can say the same. I cite this example merely to show you that people may be wrong in their judgment. The fraud order may not prove such a great hardship after all."

The opinion of Judge McPherson was then given in full by the Post-Dispatch and thus launched on its devastating course through the columns of the press. Shortly afterward, it was reprinted by the Government Printing House as a public document and distributed from the office of Assistant Attorney-General Goodwin to all inquirers about the bank. Recognizing that he could not recall it or counteract its influence, Lewis, after the fashion of the pioneers, who learned to head off prairie fires by burning a strip of the dry grass in advance of the conflagration, resolved to meet fire with fire. He came out in the October issue of the *Woman's Magazine* in an editorial * entitled, "Something Interesting," in which he urged his patrons to send for copies of this document and read it. Later, its drastic and sweeping phrases became familiar to his readers from being quoted in his agitation against the fraud order. McPherson's opinion has thus become one of the basic documents of the Lewis case.

The following is a brief but sufficient digest. The court first recites the allegations of the bill in equity filed by counsel for the bank.

*See ORDER NUMBER TEN, by E. C. Lewis, a volume of Lewis' editorials during his controversy with the Government; reprinted from the *Woman's Magazine*; published by University City Publishing Company, University City, St. Louis, Mo., 1911; 224 pp., 6mo; price, fifty cents, postpaid.

This amounts in brief to a summary of the history of the bank. The court next proceeds:

The defendants have made a return to the order to show cause why an injunction should not issue. This return presents many questions of fact calling for evidence requiring the appointment of a Master. But the court, believing the matter was urgent, requested counsel to present the case as though pending on the verified bill in equity only. The case has been argued with an ability and eloquence very gratifying to the court. It has been seen what the bill charges. As affirmative relief is asked, it is pertinent to consider what the bill does not recite.

Next follows a series of questions as to the organization of the bank and the conduct of its affairs which, in the opinion of the court, ought to have been answered by the pleadings. The court then proceeds:

At all events, on the allegations of the bill, knowing only the information thus imparted, it is strange that any intelligent person should be found who would invest a dollar in this bank. I do not know what the facts are, and from what is before the court, the facts cannot be stated. If the true situation is that of an honest, well-managed and profitable bank, as is claimed, the facts can easily be disclosed. If, on the other hand, the bank was organized by insolvents, or if it is controlled by men who are not financially responsible, or if the bank has its being to furnish large salaries, or to advance money under the guise of loans to favorites who could not otherwise nor elsewhere borrow, and sometimes on doubtful security, then all fair-minded men will approve of the action of the assistant attorney-general and the postmaster-general in denying the use of the mails to the concern. And it is no wonder that those officers held the showing insufficient, if it was as meager as is now and here made by the bill.

After ruling that it was not necessary for the Postoffice Department "To disclose the name of those complaining of the bank, or the evidence relied upon," the court proceeds:

Everyone knows that the postmaster-general, in person, cannot attend to the innumerable duties of the Department. It is enough to know that he acted, provided the acts are legal, and the legality in no manner depends upon the fact that he was assisted by others in the Department. It appears from the bill that the bank was given a hearing before the postmaster-general, acting by the assistant attorney-general. The bank had a *prima facie* case to overcome. It offered evidence. There was a controverted question of fact. On that question the constituted authority found adversely to the bank.

No man has the right to have his mail delivered to him at his door free of charge. It is a privilege only. And the fact that it is a privilege so general as to be quite near universal, does not make it less a privilege. Obscene letters and literature have no right to the mails, because it is the policy of the Government not to become a distributive agency for such filth. And the same is true, and for the same reasons, as to literature and mails building up or connected with a fraudulent scheme. Calling the concern a bank does not make it a bank. The fact that parts of its business are legitimate gives it no right to do any illegitimate business. And the Government is not called on to separate the illegitimate from the legitimate business, but will suppress the whole from the mails. Such business cannot be separated. If it is an illegitimate business, the fact that men of good repute and of high standing are connected with it does not lessen the evil, but greatly aggravates it, because of the influence.

After reviewing briefly the opinion of Judge Amidon in "Rosenberger vs. Harris," chiefly relied upon by counsel for the bank, the court makes the following comment:

Applying those laws and the reasons therefor to the case at bar, what do we have? Some one, not disclosed, made complaint of the bank in question. Postoffice inspectors were assigned to investigate it. They are Government officers acting under oath. The responsibilities of their office are great, and but seldom is one found who is derelict. But for them this great postal system, that works with the regularity of a clock, would be clogged and honeycombed with all kinds of abuses. Their acts are of the greatest importance and their reports carry great weight.

And it is unreasonable to ask that the postmaster-general shall resort to the methods of taking evidence according to the rules prevailing in the courts. The reports are, of necessity, evidence on which he will act. They made their reports, and their reports, in the language of the statute, was "evidence satisfactory to him," the postmaster-general, that the bank was engaged in a scheme to defraud. Then and thereupon the postmaster-general could have issued the "fraud order," but with that spirit of fairness which we would expect, he notified the bank to rebut that evidence. The bank had no right to make that showing. It was not obligatory upon the part of the Government. It was a privilege accorded. And, in the judgment of that officer, no sufficient showing was made.

The court thereupon recited further legal precedents and arrived at the following astonishing conclusion:

The proposition conceded by all, that if the postmaster-general committed an error of law, this court should enjoin the enforcement of the fraud order, is made the basis of an attack thereon by complainant's counsel. It is urged that if the evidence on which the fraud order was issued was meager or lacking, then the postmaster-general committed an error of law. There is no authority to sustain the contention in any of the reported cases. To sustain such a contention would be equivalent to a writ of error from this court to review the decisions of that officer, on the ground that his findings are not supported by the evidence. But he did have evidence before him. That evidence may or may not have been legal evidence according to the standard of the text-books. It may have been hearsay. It may have been secondary. It may have been delivered by an incompetent witness. Or it may have been such as the courts would receive. But, whatever it was, it was evidence "satisfactory to him!"

The above paragraph has already played an important part as will be hereafter seen in the fight that has been made in Congress to eliminate wholly the present fraud order process. Undoubtedly, it will play no small part in the further fight which must be made to bring about that necessary result. The opinion thus closes:

The postmaster-general had, under the power with which he is clothed, the right to investigate the subject-matter. It was his right and duty to ascertain whether the methods of the bank were to further a scheme by the use of the mails to obtain money by fraudulent means. His findings of fact were that such practices were carried on. He had the power to act. He committed no error of law. And his findings of fact are not open to inquiry by the courts. The restraining order heretofore issued is vacated. The writ of injunction prayed for is denied.

The astounding character of McPherson's opinion was reflected in the columns of the press. The St. Louis World in an editorial entitled "An Extraordinary Decision," comments thus:

In a debate in the British Parliament, a few years ago, a somewhat excited member told Joseph Chamberlain that a decision in a certain case was not endorsed by various distinguished lawyers. "Lawyers," said Chamberlain, with that sneer for which he is famous, "I know of no bigger fools than lawyers,—unless it be the judges." One Smith McPherson, a United States district judge, hailing from Red Oak in the neighboring state of Iowa, has rendered judgment, refusing to grant the injunction sought by the People's United States Bank, for reasons that will appear to the average layman to be little short of grotesque. Stated briefly, his reasons are as follows:

That no court has a right to review the decisions of the postmaster-general.

That the postmaster-general in all cases pertaining to the postoffice, is a court of last resort.

That the right of a person to receive mail is not actually a right, but a privilege.

That the previous decisions to the contrary by United States courts are not worthy of consideration, for the reason that those decisions have been appealed and the appeals are now pending.

Leaving out all question as to the merits of this particular case, no fair-minded person will doubt that Smith McPherson has amply demonstrated that, in some cases at least, Joseph Chamberlain's opinion of the judiciary was merited. The assumption that no court has the right to review the decisions of an appointive officer may appeal to Russian aristocrats, but would hardly find endorsement among any class of Americans.

After commenting upon the fact that the acts of other administrative officers are subject to judicial review, the editorial thus proceeds:

His rulings, absurd though they are, do not constitute Judge McPherson's worst offense. At the opening of the afternoon session of the court, addressing the attorneys for both sides, he said that he had paid a great deal of attention to the present case, and had read much about it in the newspapers. "It is a part of honesty to tell you this," said the court, "but, at the same time, what attention I have given the case was necessarily hurried and incomplete. In reading over the petition for the injunction, I could not fail to observe, not only what was alleged in that petition, but also what was omitted about the bank—purposely as it seemed to me, for reasons best known to counsel for the bank." The court then proceeded to read certain statements that had appeared in the St. Louis Post-Dispatch, the newspaper that has been fighting the People's United States Bank for several months. Jurors are debarred by the courts from reading newspaper accounts of matters in litigation. Smith McPherson was both judge and jury in this case. Yet, on his own admission, he went outside of the law and evidence, and permitted his mind to be influenced by newspaper articles, and grossly prejudiced newspaper articles at that.

The Post-Dispatch, the same day, appeals editorially to the directors to "Protect the Deluded Investors," if the final decision of Judge McPherson should leave the bank in their charge. The latter's remarkable opinion is taken as giving license for these vivid sentences:

The questions suggested by Judge McPherson's opinion go to the vitals of the fraud on which the bank was founded, and the rotten conditions existing in the institution. These questions are, in effect, deadly criticisms of the false representations by which Promoter Lewis obtained absolute control of the bank and loaned capital to himself and his own enterprises.

How questions which purport, on their face, to be asked for in-

formation which the judge admittedly did not possess, can show anything except his Honor's ignorance, is not apparent. McPherson's peculiarly worded opinion was confessedly based only on the "fact stated in the bill." Its criticisms took the form of questions as to matters of fact on which the court was ignorant. Yet the hostile spirit which it breathed throughout served to enable the Post-Dispatch to justify itself in its campaign of vilification.

Not content with the brief notice given in the Post-Dispatch of his facetious comparison of the People's Bank with the "Mississippi Bubble," Judge McPherson, a few days later, granted to a reporter for that newspaper an interview apropos of investigations then being made of a number of alleged get-rich-quick concerns in St. Louis. After commenting on "the desire of people to get something for nothing," and describing "the pitiable sight of thousands of people scrambling, shoving, fighting to place their money in the hands of absolute strangers," the judge thus comments on the collapse which in his opinion must result:

It is only another Mississippi Bubble burst. It is only another John Law, a man of more brains than honor, sweeping in his victims, rifling their pockets and thrusting them out again. If every man or woman about to invest in such a scheme would read Washington Irving's short story, "The Mississippi Bubble," there would be fewer tales of widows losing the hard-earned savings of years. There would be fewer get-rich-quick concerns.

Everyone has heard the story how John Law of England went to France and secured the help of Louis XV. in his scheme to inflate the finances of the country. The people besieged him, fighting in their mad fear that all the paper money would be gone before they had opportunity to change their coin for it. The bills of Law's bank were to bear interest and it was rumored that coin would show diminution in value. Irving said: "So great became the rush of depositors and so intense their eagerness that there was quite a crowd and struggle at the bank door. A ludicrous panic was awakened, as if there was danger of their not being admitted. An anecdote of the time relates that one of the clerks with an ominous smile called out to the struggling multitude, 'Have a little patience, my friends, we mean to take all your money.'" It is so today and even more pronounced than then.

More than one hundred and twenty-five alleged fraud concerns, I have been informed, are now under investigation by the postoffice inspectors in St. Louis. My views on these matters are well known, but it would hardly be ethical for me to refer to any one concern. I am in favor of guarding the people's money as well as it can be done. I have stated from the bench that I believe the law giving the postmaster-general authority to issue fraud orders, on evidence satisfactory to him, is a good law. * * * People should remember that it is impossible to get something for nothing.

Postoffice Inspector-in-Charge Fulton, protecting the people's money by the investigation of over a hundred alleged fraudulent concerns; the Post-Dispatch, self-appointed guardian of the people's funds; and Judge McPherson, defender of the Administration, are here seen in the role of a pleasant mutual admiration society.

While McPherson's opinion does not appear to have been telegraphed generally over the country, the substance of it was communicated by mail to out-of-town papers through their St. Louis exchanges. The phrase, "It is strange that any intelligent person

could be found who would invest a dollar in the bank," was wrested from its context and widely published as a deliberate condemnation from the Federal bench of the entire institution. The New York Commercial, for example, after quoting the above sentence, adds the following comment: "The judge uttered this after going over the charges as presented by both sides of the controversy." The facts are precisely to the contrary. There had been no hearing whatever upon the merits of the case. There was no foundation for this extraordinary statement of the court other than he could obtain from the jaundiced columns of the Post-Dispatch or from other newspapers. The injury to Lewis' reputation, and the resulting loss of prestige to his publishing enterprise, from this apparently adverse decision of a Federal judge has been incalculably great. Practically all of the news items published throughout the country at this time quote the above sentence. The judge's admission that he did not know what he was talking about when he made this statement, was most generally omitted.

THE DEFEAT AT ST. PAUL.

In pursuance of their settled policy to fight the case to the last gasp, the officers of the bank determined upon one more legal battle. Leave to renew the proceedings for an injunction had been granted by Judge McPherson when he denied the original application. Hence, on Saturday, August 5, the bank presented an amended bill, and renewed its application for an injunction, in the United States Circuit Court at St. Paul. This action was thus reviewed in the Globe-Democrat on Sunday morning:

The new bill will go before either Judge Sanborn or Judge Van Devanter, judges of the Eighth Federal Circuit, at St. Paul. The bank took advantage of its option to bring the bill before any other circuit judge, instead of having it reheard by Judge McPherson. Attached to the petition is a notice to District Attorney Dyer that the bank's attorneys will make application at St. Paul at ten o'clock tomorrow. Colonel Dyer will probably appear for the Government on account of his familiarity with the case. The amended bill renews all the charges of the original, but also contains much new material concerning the operation of the bank. This is designed to answer pointed comments and questions put by Judge McPherson in his memorandum of opinion.

The evening newspapers of Monday, August 15, contained the news that Judge McPherson's decision had been sustained. The authority of the postmaster-general to issue the fraud order was affirmed. The application of the bank for a Federal injunction was irrevocably lost. Thus, while the bank was winning its battles in the State courts against the State authorities though led by the attorney-general and secretary of State, the Federal forces, under the captaincy of Assistant Attorney-General Goodwin had scored in the Federal courts a decisive victory. The Chronicle of Monday evening, August 14, comments thus under the headlines "Injunction Against Fraud Order Is Denied to Lewis":

The temporary injunction asked by the People's United States Bank has been denied at St. Paul by Judge Willis Van Devanter. The case was ar-

gued last Monday. Attorney Dyer in behalf of the Government made no argument. He merely stated that the application for a restraining order had been argued before a judge of concurrent jurisdiction, and that the application for hearing at St. Paul was simply a change of venue. He asked that the case be sent back to the United States Circuit at St. Louis. Judge Van Devanter, however, passed upon the whole matter. His decision is, in effect, that the postmaster-general has the right to issue fraud orders at his own discretion.

Judge Barclay said on Monday morning he did not know what course is now open to the People's United States Bank, further than that steps will be taken to continue the case upon appeal. It is generally understood that the adverse decision of the court at St. Paul will necessitate the appointment of a receiver by Judge McElhinney. Otherwise, stockholders living outside the state will be likely to ask for a receiver in the Federal courts. Should the directors attempt to liquidate the affairs of the bank they would be deluged with suits. A receiver would be protected by the court and would not be thus handicapped.

All recognized that the defeat of the bank at St. Paul marked a crisis in its career, but few were prepared for the denouement that followed. Important as the announcement of Judge Van Devanter's decision seemed on Monday, it was overshadowed by next day's advices. The morning newspapers of Tuesday, chronicled the fact that the directors of the bank had voted to go into voluntary liquidation. But even this news was relegated to second place by the evening papers. They bristled with the headlines, "Second Receiver Appointed for the People's Bank." Despite the resolution of the directors to liquidate its affairs, the bank had once more been placed in the hands of a receiver, this time with definite instructions to wind up its affairs under the authority of the courts.

THE SECOND RECEIVER.

An entirely new turn was given to the affair, however, by the surprising news that, unmindful of the announced desire of the State authorities, the court had declined to reappoint the first receiver. On the contrary, acting upon the recommendation of counsel for the bank, he had selected a citizen of St. Louis county. The views of the newly appointed receiver were known to be opposed to those of the State authorities. He was even said to be personally acceptable to Lewis and his associates. The outcome of the first receivership had been a decisive victory for the bank. The contest in the Federal courts had been an equally decisive conquest for the Federal forces. The struggle over the second receivership was a drawn battle. The State authorities indeed forced the bank into liquidation. But the fruits of victory were snatched from them when the receivership passed from their hands to one of their political opponents. Comes now a lull. A truce was declared between the bank and the second receiver, with consent of the court, under which the bank agreed to suffer the liquidation of its affairs. A basis for the receiver's compensation was agreed upon, which as compared to the charges of the first receiver, was nominal. A proviso was made that the case should be carried to the Supreme Court of Missouri for final adjudication. The newly appointed receiver

filed his bond in court on the next morning, and announced his proposed policy, according to the Republic, as follows:

I will take charge of the institution with a view to closing up its business in the shortest possible time and with the least cost. I want the bank's co-operation and expect to secure it. The officers of the bank will be recognized at every stage. I could not do myself justice nor those who are financially interested without such support. I will not accept the fee usually allowed by the court nor half of such amount. My fee will be nominal.

The receiver's bond was first fixed by the court at one million dollars. At the suggestion of Judge Shepard Barclay, attorney for the bank, it was later reduced to \$250,000. Barclay said the receiver would not at any one time come into possession of all the assets. Essen, when interviewed by the court and by Judge Barclay, refused to accept the appointment, if vacation or ouster proceedings were to be instituted against him. It was then agreed that such proceedings would be merely formal. His possession of the assets of the bank would not be disturbed. Judge Barclay then filed a motion to vacate and announced his intention of taking an appeal. He did not, however, file a supersedeas bond. Thus, by the time the matter is passed on by the Supreme Court, the bank's business will probably have been wound up by the receiver. The filing of these motions, it was stated, was simply for the purpose of preserving the bank's rights.

The removal of the bank's assets once more from the hands of its officers was regarded at Washington and at Jefferson City as in some sense a justification of the Federal and State authorities. The allies pointed to the court's action as their defense against the attacks of Lewis and his associates and the adverse criticism of the press. The receiver was not personally to their liking. But since the bank was being wound up by an officer of the court, the State authorities had the right to intervene. This they did from time to time, ostensibly in behalf of the stockholders and depositors, but actually in furtherance of their joint campaign with the Federal authorities to put both the bank and Lewis out of business. The secretary of state and attorney-general, smarting over the loss of the first receivership and the consequent newspaper criticism, kept a jealous and watchful eye upon the process of liquidation of the bank during the fall and winter of 1905 and 1906. They objected to the decision of the reorganized directorate to cancel the joint note of the first board of directors for \$146,000 and charge off that sum as promotion expenses. They insisted that the receiver be instructed to bring suit for this amount against Lewis and the other makers. They criticized freely Lewis' attempts to gain control of the funds invested in the bank. They even tried to thwart his efforts. To this end they moved the court to set aside the transfers to Lewis by the stockholders and depositors in the bank of their evidences of indebtedness. They alleged that Lewis had misrepresented the facts and that the holders of these securities did not understand the actual situation. They undertook, in short, to act upon the theory advanced by the secretary of state in formulating his original demands, namely, that the plans of the bank being novel and the stockholders being widely scattered, it was incumbent

upon him to take a more than ordinary degree of interest in its affairs.

Imagine, then, the consternation in the camp of the allies, when the lower court was reversed by the Supreme Court of Missouri and the second receiver was also ousted! The continuation of the policy of "concerted action," whereby the State and Federal authorities kept up the fight on Lewis during the fall and winter of 1905 and 1906 will be considered in the next chapter. The present chapter may be brought to a close with the story of the moral victory thus finally gained by the bank over the allies. This was signalized by the decision of the Supreme Court of Missouri in the case of the State ex rel. Hadley, Attorney-General, vs. People's United States Bank, appellant. The opinion of the court sitting in banc was handed down on June 20, 1906. This opinion is written by J. Lamm. It expressed the court's unanimous judgment.

THE MISSOURI SUPREME COURT DECISION.

The court held in brief that the appointment of a receiver under the statutes, to wind up the bank, was not authorized for the reason that it was in a solvent condition. It was the purpose of this statute, said the court, "not to vex or hinder, but to aid the banking business." It was held that the purchase of the stocks of other corporations by the bank, though prohibited by the statutes, could not be made a ground for a receivership, because the bank had promptly disposed of the stock when requested and had thus atoned for its offense. The contrary said the court, "would be sour administration of the law and would defeat the very purpose of the statutes." The contention of the secretary of state and the inspectors that it was improper for Lewis to carry the stock of the bank in his own name, during its formative period, was distinctly negatived. The court held that the carrying of the stock in the name of its president, who was also the bank's promoter, was no ground for appointing a receiver. Swanger's contention that the receivership was necessitated by the fraud order was also positively negatived by the court. Two reasons were stated: First, "because the fraud order does not rise to the dignity of an adjudication by a court"; and second, "because the order alone was pleaded, not the facts and evidence on which the order was based." Finally, the court ruled that where the evils complained of in the management of a solvent bank were "correctable in other ways than by the extreme method of appointing a receiver," that method ought not to be adopted. The entire decision was a sweeping condemnation of the unwarrantable and wrongful interference of the State authorities in the bank's affairs.

After a resume of the history of the case, the court states, as a chief contention of the plaintiff, their insistence that "because of promises made by a promoter before the incorporation of a bank, broken after its incorporation, the bank should be taken as born in the gall of bitterness and in the bond of iniquity, so to speak, as

a pre-conceived and elaborate scheme to defraud and, hence, the arm of the law should lift its properties and affairs out of the hands of its board of directors and administer them through the court's receiver." This sentence has been sometimes quoted as a conclusion of the court. The contrary is true. It is stated as a contention of the attorney-general in which the court does not concur.

The court next proceeds to review the history of the organization and promotion of the bank and sums up in a single paragraph a truly remarkable *tour de force* of metaphor and hyperbole culled from the many hundred pages of Lewis' promotion literature. The court is thereupon tempted to a rhetorical flight which puts the cap sheaf of climax upon Lewis' alleged misrepresentations. The court says:

It needs not the test of a cold judicial touchstone to determine that a good deal of the foregoing is (using the word in its primal meaning) *affatus-rhodomontade*. Thus: Heart's blood, wealthy scoundrel, Croesus! I would advise my own mother to put the last penny she had in the world into it! profits that will burn one's hands! the promise to sacrifice the flesh of his body! the sweetest wine that can pass a man's lips, to-wit, love and confidence! tower of safety! strength to a million families! stumbling blocks in the path of a man whose greed for wealth shall tempt him to stock-job or bleed the bank, that would break his neck! a hope to see the day when an election to the board of directors would be harder to gain and more sought after than an election to Congress!—what is all this but a flourish of trumpets of advertising rhetoric of the type used in the exploitation of bitters, Peruna, and liver pills—the transparent use of bold hyperbole, of which rhetorical figure it is said that "it lies without deceiving"—all lubrications of that ilk failed to reach either the form or substance of enforceable promises.

"When the mass is put in a reducing crucible of common sense and the dross of mere verbiage is burned and refined away," the court concludes, however, that "promises were made by him and that, too, of a substantial sort." The court thereupon enumerates Lewis' alleged promises and concludes them to have been broken. Lewis was doing, says the court, "in a circuit (as the fox runs) exactly what he had promised should not be done in a straight line (as the bee flies), to-wit, loan the bank's funds to himself or its directors." The court concludes, therefore, that the secretary of state was quite right in demanding a reorganization of the board of directors. It then points out, however, that such reorganization had actually been made and that the personnel of the board was acceptable to the State at the very time of the appointment of the receiver.

The attentive reader will remember that Lewis does not deny having borrowed the funds of the bank, contrary to his original intention, but contends that his acts in that regard were in the interests of the bank and its stockholders and were brought about by force of unexpected circumstances. He further contends that all these loans were abundantly secured. The court remarks that the secretary of state objected to these loans on two grounds: first as unsafe, and second as made in violation of Lewis' promises as promoter. It then finds that Swanger had exceeded his authority in "laying his com-

mands upon the bank that they should be speedily eliminated." The court finds that the loans were not, in fact, unsafe "so as to put the bank in present jeopardy" and the court so holds. "Conceding the loans as safe investments at the time of the application for a receiver," the court next inquires whether the fact that "loans made by the bank after its incorporation in substantial violation of Lewis' promises as promoter are grounds for a receivership." It says: "The remedy proposed by the State in this instance is to seize and administer upon the assets of the corporation, i. e., in effect to destroy it—not to cure the corporate sickness—which is somewhat akin to a watchmaker smashing a watch, out of repair, instead of mending it. The vice of this position, we apprehend, is further illustrated when we consider that no creditor is complaining here nor are the subscribing stockholders complaining. For aught that appears in the petition the subscribers may have acquiesced in the change of plans "and may have released all right of action, if any they had, for the divergence complained of, or estopped themselves to complain." After quoting numerous precedents and statutes and reciting sundry collateral issues which the court does not deem needful to pass upon, it says: "All that is necessary for us to hold and what we do hold, is that * * * a receivership to lift the assets of the People's United States Bank out of the hands of its board of directors and wind up its affairs, was not a suitable remedy for correcting the evils now under consideration or one contemplated by the statutes."

The court (after holding that the error of the bank in purchasing the stocks of other corporations was atoned by the fact that they were promptly disposed of on the request of the secretary of state), next rules decisively that the act of Lewis in carrying stock in his own name was permissible on the ground that the bank was yet in a formative condition. It says "the funds entrusted to Lewis seem to have been preserved intact. The vast number of stockholders added materially to the burden and delay of issuing stock certificates. * * * His (Swanger's) demands in this particular had either been complied with or were in the orderly process of reasonable compliance when the receiver was appointed." Several of Lewis' principal contentions were thus definitely sustained. It was adjudged that the bank was actually in a formative state, that its funds were intact and that Lewis was, in good faith, complying with the requirements of the State banking department. The court touching upon the fraud order, then says:

If we concede to the attorney-general that the fraud order rendered it impossible for the bank to continue on its present lines as a going concern, yet, if (being solvent) it must go into liquidation, or, peradventure, change its style of banking, or even move into a business centre in order to continue its banking operations with a chance to succeed, why may not these matters be trusted to its present board of directors and its stockholders * * * and why must the bank, on that score, be wiped out of existence through the interference of the State of Missouri? * * * Where

public policy is not concerned, what good reason can be assigned for the intermeddling of the State in private affairs?

In summing up, the court touches upon Swanger's contentions that the proxies obtained by Lewis are "couched in such terms as to be insidiously dangerous to the health of the bank," that promotion expenses were charged illegally, that the joint note of the directors for these expenses by Lewis and others should be paid, and that Lewis was illegally chosen president and director, since he was not the bona fide owner of at least two shares of the capital stock. The court stated that these evils, if found to exist, could be corrected by the lower court without the necessity of a receivership. It is therefore directed that the act of Judge McElhenney, in refusing to revoke his order appointing the second receiver, be reversed, and that the trial court be directed to sustain the motion to revoke and to proceed with the cause.

The Federal authorities obtained a crumb of comfort from the court's opinion that the large loans of the bank to his corporations were in violation of Lewis' promises as promoter. The State authorities, however, were denied even this slight measure of justification by the ruling that Lewis' promises as promoter were no affair of the bank as a corporate entity. The court found, in short, that the receivership was unwarranted and illegal and that the secretary of state and attorney-general had greatly exceeded their authority.

Lewis' opponents still point with much satisfaction to Judge Lamm's satirical language touching the style employed by the former in his promotion literature. They also quote, as justification for the fraud order, the court's finding that Lewis' promises as promoter had been broken. The court, however, expressly disclaims any intention to "pass judgment of approval or disapproval upon an order issued under Federal statutes or departmental rules, by a department of the Federal Government." Its decision was thus, in set terms, limited to the receivership procured by the State authorities. The question of the propriety of the fraud order was not involved, nor can this opinion be properly cited to bolster up the Government's case. In the happy phrase of Dean Swift, every tub must stand on its own bottom.

Let us now trace the process of the liquidation of the bank's affairs and the refunding operations whereby Lewis was able to take up, dollar for dollar, every loan of the bank to his corporations, and whereby he also came into possession of nearly a million and a half dollars of the bank's funds. This he accomplished by offering the investors their choice of his own trustee notes or preferred stock in the Lewis Publishing Company in exchange for their evidences of indebtedness, dollar for dollar, in lieu of the cash dividends that would otherwise have been paid them by the receiver. The investors thus had three options presented to them. Hence, the title of the next chapter.

CHAPTER XXII.

THE THREE OPTIONS.

THE SYNDICATE OF PHILANTHROPIC VULTURES—LEWIS' FIRST APPEAL—KRAMER TAKES THE INITIATIVE—THE EXPRESS FRAUD ORDER—ORIGIN OF THE WOMAN'S NATIONAL DAILY—THE FIVE PER CENT TRUSTEE NOTES—A RUN ON THE TRUST COMPANY—INSPECTORS THREATEN THE TRUST COMPANY—LEWIS' "EXCOMMUNICATED"—SWANGER'S VALEDICTORY.

In every issue of the Woman's Magazine there has stood our guaranty that if any reader is defrauded by any announcement appearing in these columns, the publishers will make good the loss. For months, the announcements of the People's United States Bank have thus appeared. This bank was launched and conducted as an honest proposition. Through a far-reaching conspiracy, which will cause the blood of every American citizen to boil when its story is written, an effort unparalleled in history is being made to destroy this bank. If this succeeds, we shall extend our guaranty to the bank. I will make good any loss any reader of this paper sustains through investments in the People's United States Bank, to the extent of every dollar I possess, not exempting my home nor my interests in this publication. Before any stockholder or depositor of the People's United States Bank shall suffer loss, I will become a voluntary beggar.

Thus Lewis opens the campaign by which he rallied his following to his support and, despite the attacks of State and National authorities, secured control of more than a million and a half dollars of the bank's funds. In a longer editorial in the same issue, the inspectors are characterized as "twenty-five-dollar-a-week clerks" and as men of "limited experience and calibre, who are acting under orders and animated by zeal to promote selfish ambitions." The fact that the substance of the inspectors' report was prematurely published in the Post-Dispatch, is referred to as "trial by investigation and yellow journalism." The fraud order, he stated, was never intended by Congress to be used as a force to destroy a legitimate enterprise, simply because some of the features of that enterprise were new and beyond the comprehension of the "petty minds of inspectors, who have sought refuge in these minor Government offices from the stress of strenuous competition for daily bread and butter in the busy outside world."

THE "SYNDICATE OF PHILANTHROPIC VULTURES."

Lewis signalized the occasion of his first victory, the dismissal of the receivership proceedings, by issuing a circular letter to all of the investors. This announcement was authorized by the following resolution, adopted by the directors at a meeting on July 20:

The president submitted to the board of directors a draft of a circular letter, dated July 19, 1905, which he proposed should be sent to the stock-

holders of this bank, together with certain printed matter concerning the bank, embracing certain resolutions of the directors of the People's United States Bank, July 10, 1905. He also submitted a proposed draft of another letter, to be signed by himself personally, addressed "To my many loyal friends who are standing by me in our hour of trial" and a blank for assignment and transfer to him of certificates of stock in this bank, as mentioned in said circular letter, which proposed forms were approved by the board.

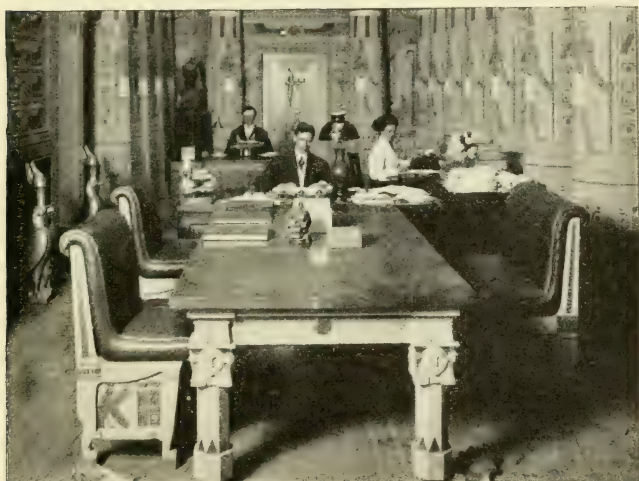
The first of these circular letters may be quoted as a type of Lewis' appeals. Violent objection to this vein of comment was made by both the Federal and State authorities. They accuse Lewis of willful and deliberate misrepresentation in these statements. They strive to defend their official conduct under his attacks by averring that they were actuated solely by their official oaths and duty. The reader, who is now informed as to the attitude of the St. Louis press and the findings of the Supreme Court of Missouri, is in a position to intelligently draw his own conclusions. Lewis said:

For a month, the land has rung with the "charges" of a yellow press in an effort to destroy our bank. We have been tried without being heard in our own defense, upon complaint of postoffice inspectors, or detectives, whose methods are secret. We were not permitted to see their reports or to examine any witnesses, although the reports were published by a St. Louis newspaper, (owned in New York) before we were allowed to make answer or defense. Our bank has been marked for destruction. It is the People's Bank. I have warned you there would be a struggle to the death. Without notice to us, a "Receiver" was appointed for a bank whose total liabilities were less than \$225,000, with assets of over \$2,500,000. Of the assets nearly \$1,500,000 was, and is, available immediately. It is cash deposited in other banks. The assets are sound. No depositor or stockholder should have lost one penny.

We learn that a "syndicate" of philanthropic vultures is being formed to offer you a small price for your stock or to get a percentage upon it for collection. Your officers and directors and our attorneys are fighting for the life of our bank, and for the right of American citizens to organize and conduct an independent enterprise without tribute to any one. Do not be misled by these human vultures! Under no circumstances let go of your certificates. Do not sign any papers, giving any one power to collect your stock, unless you first advise with me. The bank is solvent. It has been so reported by the receivers.

With God's help, and the determination of a free people, we will get fair play, if justice still remains in the land. I ask each man and woman interested to write a letter to their congressman at once. Demand that a square deal be given the People's Bank, and that we be permitted to be heard in our own defense. I ask you all to withhold judgment until our reply to this infamous assault can be heard. To protect every stockholder who stands by me and our bank in the hours of this attempt at its destruction, I pledge the last dollar I have in the world, even my own home.

The days immediately following the promulgation of the fraud order were crowded so thickly with events, that the mailing of the above letter appears to have been the first opportunity afforded the directors of the bank to communicate officially with the stockholders. News of what was happening at University City, was being conveyed to them, meantime, in devious ways. The first intimation received by many that the paternal hand of Government had closed communication with the bank was the unexpected receipt of returned



¹Washington Bureau of the Woman's National Daily, General Robert M. McWade in charge

²Sanctum of the Woman's National Daily, north pylon of the Egyptian Building, George W. Stearns, Managing Editor in charge



Members of the staff of the *Woman's National Daily*, *St. Louis Star*, and other Lewis Publications

¹George W. Stearns, Managing Editor ²Hugh K. Taylor, Editor-in-chief ³Arthur Dunn, Correspondent ⁴General Robert M. Melwade, Manager of the Washington News Bureau

letters, stamped "fraudulent." Other missives, long unanswered, were finally returned, thus stamped, in the official envelopes of the dead-letter office. Notices were received that money orders would, on application, be refunded. Many letters containing remittances were never heard from. Some were lost or stolen in the mails. Others, doubtless, were destroyed as unidentified dead letters. Complaints only brought back official tracers, advising that the missing letters could not be found. Trifling as such things may seem, the stationery, postage and fees for remittances were confiscated. The will of thousands of American citizens was thus thwarted by the superior wisdom of the guardians of the people's mails.

The patrons of the bank, many of whom had never previously heard of such a thing as a fraud order, had little opportunity to recover from the unwelcome shock before the postman delivered the first of a series of letters from unfamiliar law firms and collection agencies in St. Louis, manifesting a flattering zeal to befriend and assist them in their trouble. These new-found friends apprised them that their bank was under a fraud order and that a receiver had been appointed. The writers proclaimed a willingness to represent them and "protect their interests." Later, additional circulars were thrust upon them. One receiver was out. Another was in. Stockholders were said to be threatening further proceedings. This remedy, that, and the other, were suggested. One concern bolder or more unscrupulous than the rest, offered to purchase bank stock at twenty-five cents on the dollar. Many recipients of these letters were totally unacquainted with business procedure. The disquieting effect upon them of such communications can easily be imagined. Notwithstanding the operation of the fraud order, a large number of these circulars found their way into Lewis' possession. Some idea of their nature may be gleaned from specimens preserved in his private vault. Just two days after Receiver Spencer was installed, a brief typewritten or process letter, with typewritten or printed signature, was sent out upon the letter-head of T. H. Forester & Company, dealers in bonds and stock and investment securities, 1111 Missouri Trust Building, St. Louis, Mo. It is as follows:

Are you a stockholder in the People's United States Bank of this city? If so, it will interest you to know that a fraud order has been issued against that bank and a receiver appointed by the court. If you desire to make sure of getting back a portion of your money, without waiting indefinitely for the receiver to settle up the business and taking chances of losing in the end, we will pay you twenty-five cents on the dollar for your stock, provided it is accepted promptly.

One recipient of this letter forwarded his copy to Theodore F. Meyer, a director of the bank, with the following comment: "Show this to Mr. Lewis. I am no fool." A bolder or more nefarious attempt to deceive the unwary could hardly be imagined. The public prints had already announced that the bank's cash would pay the stockholders about fifty per cent and that other assets would bring the total of at least seventy-five cents on the dollar.

A day later appeared the elaborate circulars of Hartmann, Loewenstein and Steiner, attorneys and counselors at law, suite 310-311 Fullerton Building, St. Louis, enclosing a specially printed power of attorney blank and an "agreement with attorneys" to pay a fee of ten per cent. With the circular was enclosed an excerpt from an alleged interview printed in the St. Louis Post-Dispatch of July 10, in which Secretary of State Swanger is made to say, "I don't think Lewis is worth anything. If he was, he would have taken up those loans in order to continue in business." After mentioning the fraud order and receivership, these attorneys say:

We are taking steps to protect the interests of the stockholders and depositors. * * * If you desire us to represent you, fill in and send us by return mail the enclosed power of attorney. To cover postage and mailing expenses in keeping you informed, send one dollar. * * * We have just learned that the depositors will be paid in full on demand. We will make the demand for you as soon as we receive the power of attorney from you, without charge, except the money order or exchange charges in sending your money back.

Thomas J. Fagin & Co., law and collection office, member of the Attorneys' National Clearing House, Rooms 704 and 705 Oriol Building, Sixth and Locust streets, St. Louis, took part in the game, by sending out printed circulars dated July 25. They open with the bold assertion: "You appear as a stockholder on the books of the People's United States Bank," but they do not state how they secured this information. After rehearsing the facts as to the fraud order and receivership proceedings, the circular proceeds:

It is generally believed that the bank will be compelled to liquidate. It will be practically impossible for it to carry on its business while denied the use of the United States mails. The amount stockholders will receive has been estimated at from fifty to seventy-five per cent. This is highly problematical. It will depend on the litigation which may ensue, the efficiency with which the assets are handled and the value of the securities that Mr. Lewis has given for large loans to himself and corporations in which he is interested. You can readily see that it will be necessary for each stockholder to be represented for the protection of his rights. You will appreciate that it will entail a relatively small expense, if a large number of stockholders are represented by one attorney.

An initial payment of one dollar is then required to cover the cost of postage, correspondence and other necessary expenses "we may be put to." A collection fee of ten per cent is proposed. Numerous St. Louis institutions of good standing are offered as references. Accompanying this circular was a printed power of attorney. Attached to the particular copy of this circular, that fell into the hands of H. L. Kramer, vice-president of the bank, is a written memorandum as follows: "Evidently the receiver got a list of your stockholders, or someone in your office has copied a list or two. I did not get the previous one sent out by a firm of Jew lawyers, so there may have been two lists taken from parts of your filing cases."

The services of these lawyers and collection agencies were not needed. The dividends payable were determinable only by the

assets in the hands of the receiver. They were distributable directly to the investors, under the orders of the court. The intervention of attorneys could have had but one result: to mulct the investors to the extent of the fees and commissions charged. There could be no possibility of an adequate return. African travelers relate that the fall of any large quarry before their rifles seems a signal for a multitude of vultures to drop out of the distant heavens. A moment before the sky will seem clear, except perhaps for a single bird poised—a mere speck—almost out of sight, in the cloudless blue. Once his telescopic eye picks out the prey, his clumsy descent is followed by that of kindred hordes who perceive his movement, while circling below the distant horizon. “Wheresoever the carcass is, there will the eagles be gathered together.”

A receivership, in like manner, is the signal for the harpies and scavengers of the law to settle upon a crippled or lifeless institution and join in the orgy of picking its bones. The experience of the People's United States Bank, then, was in no way exceptional or unique. But who furnished to these ghouls the addresses which they circularized? The only complete list of the subscribers to the stock of the bank was kept in Lewis' counter-books. These had never been out of his immediate supervision, except when entrusted to the postoffice inspectors, the bank-examiners (who may be regarded as above suspicion), and the receiver. No investigation was ever made to definitely settle this question. Various rumors were current. Some of them find expression in the following editorial from the St. Louis Censor of August 24, under the title, “Looting the Lewis Bank”:

The attempts of the protectors of the poor, to get a good share of the money in the People's United States Bank, was more determined than at first believed. That no method was overlooked, is indicated by a story, part of which is told in Tuesday's Republic, concerning the efforts of certain lawyers and collection agencies to induce stockholders to put accounts in their hands.

How these agencies got the stockholders' names is a queer feature of the transaction. Did the first receiver give them out, or any part of them? If so, what was the inducement? It is said that the young attorneys in his office stood to make a fortune out of the deal, on the face of the record, had Mr. Spencer continued in office. Whether or not he had anything to do with giving out the names, I learn that these solicitations of business from the collection agencies began to reach the stockholders shortly after Spencer took charge.

Likewise, what has the postoffice to do with the matter—the Department that issued the fraud order against the bank? There is a suspicion that part of the collection agencies received the names through their means. A certain inspector is said to be there employed who, likewise has an interest in one of these agencies. While the Postoffice Department is distributing fraud orders, why not inspect a few of its inspectors?

LEWIS' FIRST APPEAL.

Lewis' first personal letter, authorized by the board of directors and mailed under the same cover with the bank's warning against the “syndicate of philanthropic vultures now forming,” was an

acknowledgment of the sympathy and support accorded him. It was also a stirring rally to arms. Lewis said:

TO THE MANY LOYAL FRIENDS WHO ARE STANDING BY ME IN OUR HOUR OF TRIAL:

From all parts of the Nation, telegrams and letters have poured in bidding me fight for our rights, encouraging and cheering me. Many offer assistance. In every imaginable way these words of confidence and support have reached me. Even my employees, numbering nearly a thousand, have offered to assist in the fight. As long as I draw breath, I shall fight those who have attempted to destroy our bank. I shall carry this matter to the highest courts and endeavor to drag from cover those who are behind the conspiracy. The People's Bank shall not be destroyed. To every subscriber to the stock who stands by me in this dark hour, I will pledge that he shall not lose one penny. I will pay back his investment, dollar for dollar. I organized and am responsible for the organization of this bank. If freed from outside interference, I will make it a success.

If you trust me, and will assist me in this struggle, we can win. If you are willing that I shall have a free hand, give me the power, so that if the worst comes, I can take such steps as are necessary to defy our enemies. Endorse your name on the back of your stock certificate if you have received it, or on the back of your receipt. Also sign the enclosed blank. Send both certificate and blank to me by express, at once. I will return to you my acknowledgment, and receipt. I will devote every dollar of my income aside from necessary living expenses, to paying you in full every dollar you have invested in the bank. Will you stand by me? If so, act at once.

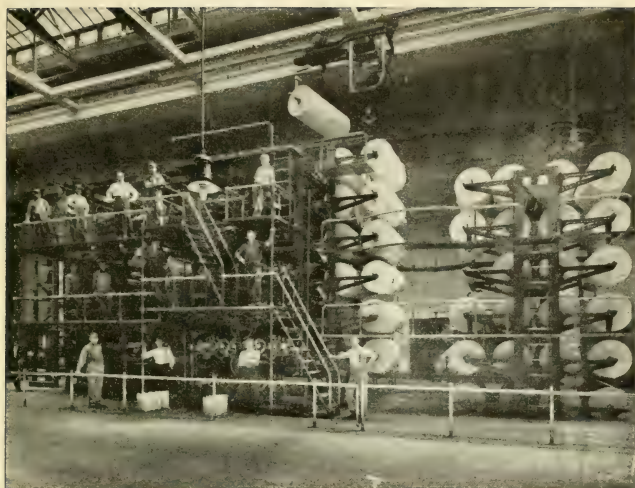
The loyalty of the stockholders and their confidence in Lewis and the bank could not be accounted for by even the St. Louis newspapers, much less the general outside press. An interesting sidelight touching the sentiment among Lewis' followers, may be found in an editorial of the Kearney, Neb., Democrat of Thursday, August 17. The following is quoted:

Two weeks ago the Democrat had something to say about the St. Louis mail order bank. * * * To our surprise last Saturday, one of the well-to-do farmers of Buffalo county called to say that our views about the People's Bank at St. Louis were not correct. He was a stockholder and depositor. He knew that the bank was a safe and sound concern.

We no longer wonder that mail order houses and mail order banks find it easy to accumulate millions. Here we stood, facing an old hard-handed, hard-headed pioneer who had dug a moderate fortune out of the sterile soil of Buffalo county, by struggle and privations extending over a quarter of a century. Yet he was abounding in unquestioned faith in an institution which had been branded a fraud by the Government. He refused utterly to have his faith shaken. He contended that he knew more about this matter than the Government. We are now ready to believe that a sucker is born every minute and that many of them live a long time.

Accompanying Lewis' first personal letter, was a blank containing the first tentative proposal of his refunding operations. He offered, in exchange for an assignment of the bank stock simply his interest-bearing receipt for the face value of the stockholder's investment. With this blank was sent the following form of protest to be signed and returned by the investor:

I protest against the attacks made upon said bank and its president, E. G. Lewis, and the methods employed in such attack, as a violation of the rights of American citizens. I extend to said Lewis my hearty sympathy, support and confidence. I protest against the unwarranted and



*Lewis Publishing Company's newspaper plant, Woman's National Daily Building.
Installed 1900*

¹Duo-deceple Goss Printing Press, "The Lewis," the largest piece of printing machinery in the world, showing paper magazines fully loaded and method of handling paper by electric crane ²Stereotyping Department



¹Mailing room of the Woman's National Daily in the east end of the great hypostyle hall of the Egyptian Building

²Subscription room of the Magazine Press Building, occupied by employees handling the magazine subscription business of the American Woman's League

uncalled-for interference on the part of the Postoffice Department and secretary of state with the affairs of said bank, without opportunity being given to its stockholders to be heard, as an outrage.

Under the circumstances this was a most remarkable appeal. Lewis and the bank had been branded "fraudulent" by a Cabinet officer at the head of perhaps the greatest Department of Government. His condemnation had the apparent approval of the Administration. The press, with hardly a dissenting voice, concurred. The public authorities of his own State denounced him. Notwithstanding all this, he unhesitatingly relied upon the good-will of his subscribers. He invited their continued confidence and support. He asked them to again entrust to him their savings without other security than his unsupported word. Now comes perhaps the most remarkable event in this entire chronicle. The response to this appeal was unbelievably great. Lewis' enemies never have been able to account for it, upon any other theory than that of the Nebraska editor, that "a sucker is born every minute and that many of them live a long while." His friends aver that this theory is totally inadequate to account for the continued confidence of Lewis' supporters and that it does not square with the facts. A very considerable proportion of the stock which was turned over to Lewis at this time, was held by reputable and substantial business men. They had subscribed because of their faith in Lewis and the belief in the earning power of a mail order bank. Probably a majority of those accepting his first receipt were highly wrought up by what they felt to be the injustice of the attacks of the allies. Many expressed themselves as willing, if need be, to make a donation of the amount of their investments to carry on the fight. Numerous letters, voicing this sentiment, were received by Lewis in response to his appeal. Lewis' own version of the support which he received at this time is that he was making a fight for principle and that his followers, recognizing that fact, placed their investments in his hands as evidence of their approval of what was being done.

The stockholders were forced to adopt many ingenious expedients to communicate with Lewis. A majority sent in their certificates as requested, by express. Others enclosed them in covers addressed to bankers, merchants or personal friends and acquaintances in St. Louis. The appearance of the name of a St. Louisan in any of Lewis' literature or publications was the signal for the receipt by him of a volume of correspondence for delivery to Lewis. Many telegraphed, asking for instructions. Some proper agency was evidently needed as a clearing-house, through which the exchange of correspondence could be effected.

KRAMER TAKES THE INITIATIVE.

The first steps in this direction were taken, almost immediately after the fraud order was promulgated, at a called meeting of the stockholders of the Lewis Publishing Company, on July 13. This was held behind closed doors. The object was to consider the pre-

carious position of that concern, due to the destruction of the bank. H. L. Kramer, Lewis' staunch friend and associate since the days of the Mail Order Publishing Company, came to St. Louis from his home at Attica, Ind., expressly to attend this conference. What took place evidently set the mind of Mr. Kramer at work. The plan, which was finally adopted, appears to have been first outlined by him in a letter which he dictated to Mr. Coyle on July 14, 1905, immediately upon returning home from this conference. The substance of this important document is as follows:

I arrived home bright and early at 6:00 a. m., and, agreeable to promise, am now writing you regarding a plan to conserve and protect the interests of the People's United States Bank and the Lewis Publishing Company. I think Lewis has a long drawn-out legal fight ahead of him, to re-establish his position in connection with the bank's affairs. Unless proper steps are taken, his properties may be driven out of existence or wasted from loss of time, interference with his business, and the great expense of litigation. The winding up of the bank will be a great disappointment to Lewis, and a blow to his pride; but I am firmly of opinion that unless prompt and active measures are taken, not only will the bank be wound up by the receiver, but his other business interests will become so terribly and quickly involved that he will lose every dollar of his property. My idea is this: The Lewis Publishing Company, owners and operators of the Woman's Magazine and the Woman's Farm Journal, is a growing concern. The gross income last year amounted to nearly eight hundred thousand dollars. This year ought certainly to be as good. Proper management, with sufficient push and energy, ought to increase their gross income to nine hundred thousand dollars. The report submitted at yesterday's stockholders' meeting showed net earnings for February, March and April, of sixty thousand dollars, or at the rate of two hundred thousand dollars a year. A reduction of expenses was shown, which represents an additional saving of sixty thousand dollars. Thus, without an increase of business, the net income would be three hundred thousand dollars a year. I think it is perfectly safe to say the Lewis Publishing Company will earn two hundred and forty thousand dollars. This is six per cent on four million dollars. The increase of the preferred stock of the Lewis Publishing Company to that amount, would afford a basis for the reorganization of the People's United States Bank. Every stockholder can be protected, so that he can eventually get every dollar of his money paid back to him. Mr. Lewis' other enterprises can be conserved and financed and he can be given an opportunity to work them out successfully.

The Lewis Publishing Company will thus take over the stock of the People's United States Bank and co-operate in winding up its affairs. Plenty of time will be afforded to realize the very best results from the principal assets of the bank, namely, the land owned by the University Heights Company, and the property of the Lewis Publishing Company. Both of these are now practically owned by the bank. Opportunity will be given to realize upon them, under the best kind of careful, conservative management. Meantime, the affairs of the bank can be wound up by the directors. Those who wish to have their stock redeemed in cash, can make application and the allotment can be made in the regular way provided for such transactions.

If the worst should happen and the receiver be sustained by the courts and wind up the property, the Lewis Publishing Company would receive from the stockholders of the bank a million to a million and a half dollars, or a majority of the stock of the bank. This would be sufficient to put the committee in full control.

The initiative thus taken by Mr. Kramer, a man of substantial wealth and extensive business experience, was welcomed by the board. The proposed solution of Lewis' complex problems seemed feasible, and after various modifications, the general plan was adopted. A protective committee was not deemed necessary and was never formally organized. Experience indicated that the work could be more advantageously divided among the various members of the board. The announcement was made, in due course, of a meeting of the stockholders of the Lewis Publishing Company, to be held on October 24, for the purpose of increasing its capital stock. The project was explained by letter to the preferred stockholders. Those who objected to the plan were requested to name the price at which they would sell their stock. Meantime, investors continued to send in their stock in exchange for Lewis' interest-bearing receipts on his agreement to repay the face value of their investment out of his earnings, with interest at five per cent per annum. Mr. Kramer consented, in order that this arrangement might be put in proper legal form, to act in behalf of the stockholders as trustee. A trust agreement to this effect was entered into as of the first day of September. Shortly thereafter, an arrangement was made with the Missouri-Lincoln Trust Company to act as transfer agent.

While these affairs were in progress of adjustment, the statements and appeals to the stockholders for their support, suggested by Mr. Kramer, took the form of a series of some half-dozen circular letters, issued over Lewis' own signature. His custom of taking the world absolutely into his confidence makes it possible, through these documents and his editorials in the *Woman's Magazine*, to trace in detail the evolution of his refunding operations. These circulars, in fact, comprise a fairly complete history of the bank's affairs as viewed by Lewis at that time. The application of the attorney-general of Missouri for a second receivership, prompted the second of these circulars, issued during the early part of August. In style, it is characteristic of the promotion literature of the bank. A large sheet, twenty inches long by thirteen inches deep, was covered on one side with photographs showing a panorama of the University Heights property, the *Woman's Magazine* Building, many houses in process of construction, and other improvements. On the opposite side was a printed two-page letter, breathing defiance against the authors of both the fraud order and the receivership proceedings. The following brief extracts will sufficiently illustrate the style of Lewis' exhortation:

This bank, now under attack by its enemies, (some misguided, others impelled by the deepest malice) presents a spectacle which causes every thoughtful citizen to wonder whether our liberties are departing, and if we are still a free people. The People's United States Bank has been pronounced, by an edict of an official in Washington, to be unworthy to enjoy the "privilege" of the United States mails, which even a condemned felon may enjoy. Our mailing "privilege" has been cut off, without giving

us or our attorneys an opportunity of examining the evidence upon which the action was taken. We are using every means possible, to have the fraud order reviewed by the highest courts. We are met by the claim made on behalf of the secret police-inspector system that no American citizen has any right to use the mail. His "privilege" is a matter of grace. Such concessions kings formerly made to favored subjects. They tell us no constitutional right of an American is violated if he is deprived of that "privilege," without trial or hearing. To this pass have we come, oh, Americans, in this Twentieth Century!

Powerful influences are behind these attacks. Methods, never before used in our free country, are being employed. There is one way in which they can be defeated and our bank restored, and made stronger than ever, safe from further assault. If you, the stockholders, in whom I have trusted even more than you have trusted me, will now stand by me and show once more your confidence and trust, by placing your stock in my hands, I can rout and destroy our enemies by turning their own weapons against them.

Then followed a receipt of similar import to that previously mentioned, except for this addition:

Said pledge is to be secured by a trust agreement, wherein Major H. L. Kramer, of Kramer, Ind., a stockholder and vice-president of said bank, is to be trustee. Said agreement shall make the holder hereof one of the beneficiaries, upon surrender of this preliminary receipt and acceptance of a formal trust certificate.

It is further announced that in case of re-establishment of the business of the bank, or any similar institution, within one year, the receipt-holders may exchange their receipts for the stock of such institution. Notice is then given that the express companies are not allowed to carry letters unless stamped with postage. Hence, the following instructions were enclosed:

Put your certificate and papers in a sealed envelope or package and mark "valuable papers" when you send them to me by express. I desire to avoid any appearance of attempting to evade the so-called mail "fraud order," while it is in force, and request that no letters relating to the bank be mailed to me in care of the Woman's Magazine. This will obviate any pretext to interfere with the mail of the magazine. Do not make postoffice money orders payable to me. I am not permitted to cash them. Send by express order any funds to be remitted. If any express agent refuses to take papers addressed to me, wire me his name and the name of his company.

THE EXPRESS FRAUD ORDER.

The occasion of this last request was the promulgation of a sympathetic express fraud order, or embargo, placed on Lewis and the bank by the principal express companies of the country. Copies of Lewis' first personal letter, bearing as a postscript this sentence, "Send by express, care Woman's Magazine Building, St. Louis, Mo.," undoubtedly were brought to the attention of the postoffice authorities. Steps were immediately taken to frustrate what was construed to be an avoidance of the fraud order. Who took the initiative in this matter is not definitely known. Presumably the postmaster-general or one of his aids took up the matter with Senator Platt or one of his associates. However this may have been, the principal express companies constituting the so-called "express trust," instructed their local agents to refuse to accept this busi-

ness. Some agents, it appears, either failed to receive these instructions, or overlooked or ignored them. A considerable number of packages came through. But complaint was made to Lewis, from all parts of the country, of the refusal of express agents to accept packages addressed to E. G. Lewis or the People's United States Bank. The Adams, American, United States, Pacific and Southern Express Companies were specifically mentioned. Some agents also refused to sell express money orders payable to E. G. Lewis or the bank. In a few cases, the embargo was extended to the Development and Investment Company. The first complaints of this kind reached Lewis shortly after his personal letter of July 17, was mailed. Hence, the instructions given in his second letter, of August 5, to notify him by wire of any such difficulty.

The case of Allie Wardwell of Marion, Ind., illuminates the difficulties against which Lewis was contending. On August 16, she telegraphed that express agents, both at Converse and at Marion, Indiana, had refused to accept her securities for transmission to Lewis. The agent at Converse said: "We have orders to let no packages go out to that man." She then endeavored to purchase a money order from the Adams Express agent at Marion, but was refused. The substance of her statement, drawn up in the form of an affidavit by the bank's attorneys, was afterwards subscribed to, by her, before a notary. She states that she endeavored to buy an express money order from the agent of the Adams Express Company, but that he refused to issue it, using, as nearly as she could recall, the following words: "I cannot give you a money order to that man. The fraud order has not been lifted, or if it has, the express companies haven't yet been notified."

A selection of typical cases, still preserved in Lewis' private vault, selected from among the hundreds of complaints received at that time, shows that this express fraud order was in force in at least twelve states, territories, and provinces distributed as widely as Connecticut, Georgia, Ontario, and the Indian Territory. A correspondent at Meridian, Conn., desiring to transmit his certificates, was refused by the local manager, Charles Morgan. "When Mr. Morgan read the address," says the writer of this letter, "he told me they could not pass a letter addressed to that man's name. They had official orders to the contrary."

Some agents excused their action by referring to the law which forbids express companies to handle letters unless contained in stamped Government envelopes, showing that postage has been prepaid. The express agent at Lacuta, Mich., however, refused to accept an envelope thus stamped. A package of certificates delivered to the United States Express office at Tiffin, Ohio, was returned to the sender with the following memorandum, signed by C. A. Barton, agent: "Can't handle this kind of business by United States Express. Orders not to handle anything for this firm by

express as it's same as——." What the People's United States Bank was similar to, is left by this agent to the imagination. The orders received by various local agents were described as coming from route agents and division superintendents, indicating that they originally were issued from headquarters. These complaints were reported simultaneously from all parts of the country. They indicate clearly a still further extension of Fulton's program of "concerted action."

ORIGIN OF THE WOMAN'S NATIONAL DAILY.

The appointment of the second receiver, on August 15, was the signal for the full disclosure of a project which appears to have sprung, full fledged in Lewis' mind, under pressure of the continuous assaults upon him. To employ his own phrase, the opening of the siege had found him equipped with muzzle-loading rifles, namely, monthly magazines. He now planned to equip himself with a Gatling-gun. He proposed to organize a daily newspaper of national circulation. The determination to do this, and the way in which it was financed and accomplished are all characteristic of the genius of a great general. The project was launched at this time, as a basis of the proposed increase of the Lewis Publishing Company's capitalization. His third circular, of August 24, opened with a complete summary of the history of the bank. The various assaults upon it were panoramically reviewed. The conclusion was expressed that before the bank could be reorganized or a postal bank bill passed by Congress, a great campaign of education must be waged. After outlining, briefly, his proposed editorial policy, Lewis says:

There is but one thing this band of freebooters fears. That is publicity. I propose to produce and sell, for one dollar a year, a daily newspaper similar to those now produced for three dollars or five dollars per year. This I will deliver daily in three million American homes. I propose, furthermore, to make it a woman's newspaper. It will not be owned or controlled by Wall Street or by the trusts. It will be fearless and independent, a voice of the people, which no man or power can bribe or influence. It will be the people's paper.

First let me state, for the benefit of the postoffice inspectors' system that, while the plans I here outline are such as I intend to carry out, alterations and changes, such as the working out and development of the enterprise may require, will be made. Any one but an "inspector" would know this. Any enterprise but one intended for the common people would be permitted to do this unquestioned. But a great network of spies and inspectors are watching day and night to get some hold that may be made to appear to justify their previous acts.

After commenting at length upon the strength and profit-earning capacity of the Lewis Publishing Company and the fact that it has always been a close corporation, Lewis continues:

Until now I have been unable to give you the details of my plans. To have made them public would have courted defeat. We still hoped to secure an injunction to restrain the operation of the fraud order. Thousands of you have sent me your stock and have accepted my five per cent notes. Thousands more are ready to do so, when more definite information of my

plans is given. I now propose to reorganize the Lewis Publishing Company. The plan is to increase its capital stock and issue to each stockholder in the bank an equal amount of preferred stock in the Lewis Publishing Company. This will receive the net profits of the Lewis Publishing Company up to six per cent per annum, before the common stock, which is held by my associates and myself, receives anything. It will also share equally with the common stock in the profits over and above six per cent. It will take preference over the common stock in all the assets of the company, including building, plant, machinery and publications. The new Woman's National Daily newspaper will be the property of the Lewis Publishing Company.

The proposal is then made to add the four directors of the bank, Messrs. Stephens, Carter, Meyer, and Coyle, to the directorate of the Lewis Publishing Company. Holders of Lewis' preliminary receipts are given opportunity to exchange them for the Lewis Publishing Company preferred stock. Those who join in the plan are exhorted to co-operate with Lewis' to the extent of procuring at least ten subscriptions each to the proposed newspaper.

THE FIVE PER CENT TRUSTEE NOTES.

The formalities in the matter of the Lewis Publishing Company's preferred stock having been arranged, the matter of the proposed trustee notes was next taken up. On the first of September, a trust agreement between Lewis and H. L. Kramer, as trustee, was executed. The intent of Lewis is set forth to issue certain trustee notes to persons who have made investment in the People's Bank either as contributions on stock or deposits, and who wish to accept, instead, the personal obligations of Lewis; also his further intent to pledge certain income to pay said notes with interest. Lewis' pledge is recited as consisting of all net profits, dividends and earnings of his stock in the Lewis Publishing Company, University Heights Company, Development and Investment Company, income from all mortgages and loans and all other income. All are placed in trust to pay each and all of the trustee notes. Default of payment is made to give the trustee power, upon written request of one-third in number and value of the holders, to seize Lewis' income and apply it to the terms of the trust. The expenses of the trust are charged upon the income, including compensation to the trustee for his or his agents' services. Lewis undertakes to furnish the trustee with the names and addresses of the note holders.

Immediately following this, an arrangement was entered into with the Missouri-Lincoln Trust Company to act as transfer agent in the exchange of the evidences of indebtedness of the bank for both the Lewis Publishing Company preferred stock and Lewis' trustee notes. The arrangement was thus announced by Lewis in a circular letter dated September 6:

Those who have sent in stock certificates, original receipts or pass cards and received my "preliminary receipt," and who now desire to exchange them for the six per cent preferred stock of the Lewis Publishing Company, are asked to endorse the preliminary receipt on the back and forward it to the Missouri-Lincoln Trust Company, St. Louis. This company is acting

simply as trustee or transfer agent in this matter. It cannot undertake either to answer long letters or give advice. Those who failed to receive their bank stock certificates, or whose receipts, pass cards or records have become lost, owing to the fraud order, are directed to fill in the enclosed blanks, stating the amount of their investment, and to forward them to the Missouri-Lincoln Trust Company. They are advised that the matter will at once be looked up and proper credit given.

The blanks mentioned consisted of assignments to Lewis in consideration of his trustee notes, or preferred stock of the Lewis Publishing Company, respectively.

This letter consists of two printed pages surmounted by the letter-head of the People's United States Bank. Lewis said (in part):

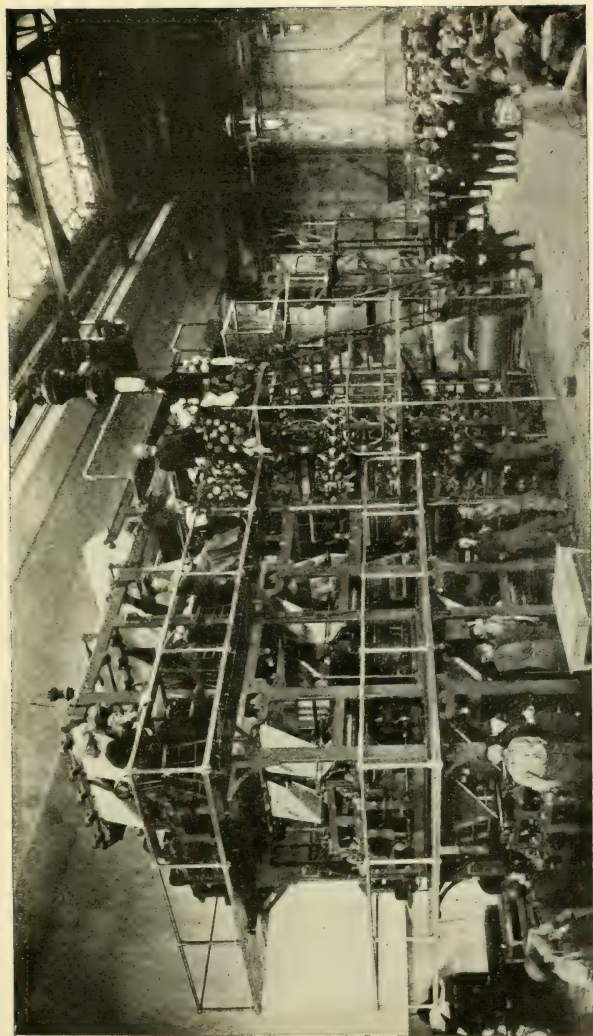
Dear Friend: This is the situation: Our bank has been struck down by a Cabinet officer, jumped on by a State officer and denied the use of the mails. It has been thrown into the hands of a receiver and rescued from his clutches. It was placed in voluntary liquidation to avoid further loss, only to be thrown into the hands of a second receiver. * * * I am willing to do all that any man can do and to put up everything I have on earth for your protection, if you will co-operate with me, to enable me to protect you from loss. I am willing to sacrifice my entire income until you have received every dollar of your investment, with interest, or to arrange the exchange of your stock for that of the preferred stock of the Lewis Publishing Company. In either event, your proportion of the loss of the bank falls on my shoulders. I can do no more.

FRAUD ORDER THREATENED AGAINST THE MISSOURI-LINCOLN TRUST CO.

The whole refunding operation was thus apparently well in hand and running smoothly, when a further attack was made by both the Federal and State authorities to thwart the announced intention and desire of the investors in the bank to continue to entrust their funds to Lewis' custody. These events prompted the last letter on the bank's affairs sent by Lewis to the investors, before the storm broke affecting the rights of the Woman's Magazine. Then the battle shifted from the affairs of the bank to those of the Lewis Publishing Company. The events, as summed up by Lewis in his letter under date of November 2, were briefly as follows:

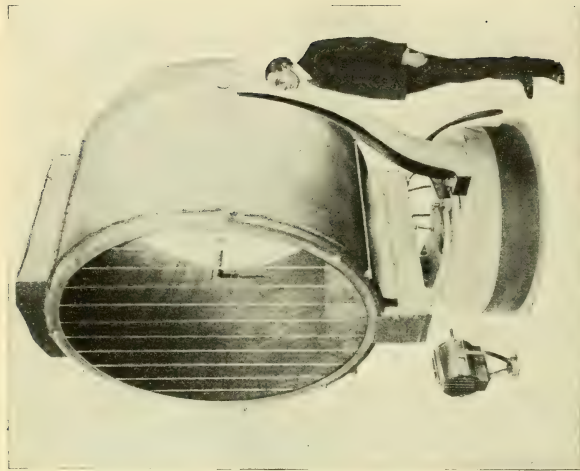
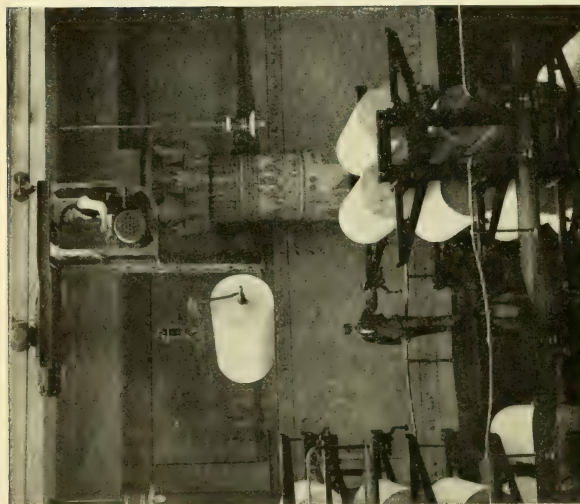
Receiver Essen was first called to the inspectors' office. A demand was made on him that he refuse to recognize the transfers of stock. He declined to comply with this demand. Then the inspectors called upon the Missouri-Lincoln Trust Company. This is one of the leading financial concerns in St. Louis. It was simply acting as trustee and transfer agent for the protection of the stockholders. Yet the inspectors deliberately threatened its officers with a fraud order against the Trust Company unless they at once returned all the evidences of indebtedness of the bank to the senders. An injunction had to be secured by Lewis compelling the Trust Company to perform its trust agreement. Next, the attorney-general of Missouri moved that the court compel the receiver to disregard assignments of stock to Lewis. Failing in this, suit was brought at the instance of the attorney-general to recover the promotion expenses from Lewis and the first board of directors. Throughout the whole campaign, publicity was given in the St. Louis Post-Dispatch to every attack of the allies.

The full story of the battle at the Missouri-Lincoln Trust Company was told by Lewis at the hearings of the Congressional Committee and afterwards corroborated in all essentials by the testimony



David R. Francis, ex-Governor of Missouri and president of the St. Louis World's Fair, dedicating the Woman's National Daily Building
November 10, 1904

An excellent sign of "The Lewis" Duo-deciple Goss Press, the largest piece of printing machinery in the world. Capacity 5000 eight-page printed and folded newspapers per minute, 300,000 copies per hour



¹Electrical crane and paper hoist employed to lift paper rolls from the basement of the Women's National Daily Building through a trap door and load them into the mazzines of the great Goss Press.

²The monster search light on the octagonal tower (Woman's Magazine Building), the beam of which is said to be visible nearly three hundred miles under favorable atmospheric conditions. Shown in comparison with the type of search light with which battleships of the United States Navy were at that time equipped

before them of Judge M. P. Murray, Jr., then trust officer of that concern. We will allow them to tell this part of the story in their own words. Says Lewis:

Before sending out the circular letter announcing these three propositions, I went to the Missouri-Lincoln Trust Company, an established banking institution, and proposed that it act as trustee and transfer agent. Its capital at that time was, I believe, \$2,500,000. It had some five or six millions of deposits. The trust was accepted. My arrangement was that all those having investments in the former bank who desired to transfer them, either to me for my personal note or to the Lewis Publishing Company, might send their pass books or other evidences of investment to the Trust Company. They undertook to record them, receipt for them, and eventually turn them over to the receiver for liquidation. The money received was to be applied either to the treasury of the Lewis Publishing Company in payment for its preferred stock, or to me, in exchange for my personal notes.

I saw Inspector-in-Charge Fulton and showed him the letter and blank I was about to send out. I said: "You have destroyed this bank. I am now going to get these people to help me to make the Lewis Publishing Company the biggest on earth. I tell you, frankly, that I am going to devote the principal part of my editorial columns to lifting the lid off this thing and showing it up. Now, is there any legal objection to these people standing by me if they want to?"

He replied that the Government was not concerned what they did with their money, so long as they did it of their own accord. Fulton confirmed that statement to a Globe-Democrat reporter who followed me into his office. In response to the announcement sent out, approximately two-thirds of the capital stock and deposit books were turned over to the Trust Company, with instructions to transfer them to the Lewis Publishing Company or to myself. I would say that ninety-five per cent of all the persons interested joined in that fight. The amount represented was only about two-thirds. Many transferred part and kept the remainder for what it would liquidate. About one hundred thousand dollars additional was sent in as a war fund. Everybody who contributed received the same consideration, stock and notes. We would not accept money any other way.

I told them I was going to fight. The investors said they did not care what I did with the money, so long as I fought the thing to a finish. No one had been allowed to hold over five hundred dollars' worth of stock. The great bulk of the money came from bankers and substantial business men. Mr. Lenox Rose of Newark, New Jersey, gathered up about seven thousand dollars' worth of stock from the bankers of New Jersey and told me to use it as I pleased. He only warned me not to "get licked." Edward Dickinson of Kansas City and his associates in the Kansas City, Mexico & Orient Railroad sent their stock in a bunch, with a notice that I need not even send back a receipt, but to go on and fight. Quite a number of people took a hand on the rope when we got started. There were a number of publishers throughout the country who sent me checks ranging from a few hundred dollars up to a thousand. One Chicago publisher, Mr. Currier, sent me his check for one thousand dollars. These were war contributions.

A RUN ON THE TRUST COMPANY.

When it developed that these so-called dupes and imbeciles throughout the United States were standing by me, the attitude of the postoffice inspectors changed. They found I was going to have a war fund, and that I could make things pretty hot. They notified the Missouri-Lincoln Trust Company one day that if, by six o'clock that night, the company did not return to all these people their stocks and pass books, a fraud order would be issued against the Trust Company. There is only one way to keep a secret. That is, to tell one man, and then kill him. By night the

threat against the Missouri-Lincoln Trust had leaked out. The next morning the newspapers spread the report. By that afternoon, I have been told, thirty thousand dollars of savings deposits had been withdrawn by frightened patrons. Judge Murray, the trust officer, immediately called me up and I met their officers and directors in a conference. They were in a state of panic. Their great banking institution was in danger of being ruined. I said, "They cannot issue a fraud order against you. It is ridiculous." They replied, "If they can issue one against you, with five times your total liabilities on hand in cash, they certainly can issue one against us. We cannot make any such showing. But even if they do not, the mere threat will put us out of business." It eventually did.

"Well," I said, "here is the situation: If you comply with your trust agreement with me, the chances are one hundred to one that they will not dare to issue a fraud order against you. If you don't, I will bring suit against you within twenty-four hours for the whole two million dollars. Take your choice between a one-hundred-to-one chance and an absolute certainty." I did not stop there. I sued out an injunction which prevented the return of the securities and compelled them to fulfill their agreement. Judge Murray waited for it until ten o'clock that night. An incipient run on the Missouri-Lincoln Trust Company followed the next day. The president has told me they never recovered from it. They had to go out of business a year or two later.

That experience alarmed the St. Louis banks. None was willing to accept our account. They were afraid any association with us would cause a run on them and entail great loss. I practically was requested to keep my account in some other town, and not to come into their banking institutions. My personal friends were at the head of several of these banks. Many of the banks' officers were stockholders in my corporations. But the assaults on the Missouri-Lincoln Trust Company so terrified the bankers of St. Louis that they looked upon me as a financial leper. My best friends were afraid to have me enter their institutions. They feared the unrighteous wrath of the Government. They asked me to remove my accounts even while they, as individuals, were secretly loaning me large sums of money. The result was the complete paralysis of our business. Mr. Edward Hidden, of the Commonwealth Trust Company, told me that the inspectors demanded to see their books and the records of our deposits. They became alarmed and requested us to withdraw our account.

I could do nothing in St. Louis. If I went into a bank, some official would have a fit until I departed. People connected with the banks were almost afraid to walk on the street with me. They would come to my home at night, but in daylight I was not a welcome addition to the bank's scenery. I was an undesirable citizen. Finally, I went to Chicago to obtain money. Mr. Kramer advanced me considerable sums. I then asked Nathan Frank to bring on the experts of the Metropolitan Insurance Company of New York to examine my real estate. I requested a loan of seven hundred and fifty thousand dollars. They approved the loan, but owing to conditions cut it to four hundred thousand dollars. That enabled me to turn around and pick up, for cash, all the mortgages and loans held by the People's United States Bank. The receiver was then enabled to pay that out in cash dividends.

The above statement, made by Lewis before the Ashbrook Committee, was substantially confirmed as follows by the testimony of Judge Matthew P. Murray, trust officer of the Missouri-Lincoln Trust Company, before the same committee, at its hearings in St. Louis:

My recollection of the transaction is that Mr. Lewis came to my office in August, 1905, with Dr. Pinckney French. I had understood it was agreed that the Trust Company would make the transfer. I knew, how-

ever, that there was a fraud order out against the bank, and I said there would be no transfer unless it was satisfactory to the postal authorities. Mr. Lewis insisted that it was business, and that he had a legal right to do business. I did not doubt his right, but told him that if the postoffice authorities took exception, we should have no legal redress, whether it was legitimate or not. I refused to make the transfer, until Mr. Lewis had interviewed the authorities and obtained their consent. I told him it was a business they probably hadn't any interest in, yet if they thought they had, it would deter me from allowing the company to act. I said: "Go and lay the whole scheme before the proper postal authorities. I don't know who they are, but I suppose you have had experience and know." He then said Mr. Fulton would be the man to see, and left my office for that purpose.

In course of an hour Mr. Lewis called me up on the phone and said Mr. Fulton had told him it was perfectly proper. They simply did not want the bank to go on, but did not wish to interfere with Lewis' other business. I did not call up Mr. Fulton to confirm Lewis' statement. I told him his word was enough. Some time afterwards, however, I told Mr. Fulton what Lewis had said. He replied: "Lewis ought to know that I was not the authority, but that the authority was at Washington." I never heard the fact of Mr. Lewis having seen Mr. Fulton questioned. There was some difference of opinion as to what Mr. Fulton's expression was. Mr. Lewis introduced testimony of somebody connected with the Globe-Democrat, in a suit over the matter, which varied slightly from what I understood from Mr. Lewis, but it was practically the same.

INSPECTORS THREATEN THE TRUST COMPANY.

About a month afterwards, on the morning of September 27, three postoffice inspectors—Sullivan, Stice and Reid—walked into my office and stated their displeasure with the transaction. They informed us that we were aiding Mr. Lewis in avoiding the fraud order which the Government had issued against him. They asked us what we were going to do. I explained that we were going to do nothing until it was reported as satisfactory to the Government. "Well," they said, "it was not satisfactory." I told them I had understood from Lewis that they did not want to interfere with any of his business except the bank. The reply was that I was under a misapprehension; that Lewis was a very dangerous man. Then they spoke about Lewis' paper. They said that it was very abusive to the Government, and that Mr. Lewis had a large following of silly people. This statement was made, I think, by a man named Sullivan.

I was visited on several occasion, and agreed to do anything they would suggest. I was afraid of a threat to stop the mail of the Missouri-Lincoln Company. We did not debate much. They gave me to understand if we did not act with them, it might lead to a fraud order against us, as aiding Lewis. This, they said, they would help to avoid if I handled the matter as they directed, and I agreed.

MR. LEWIS: In other words, you were terrorized?

MR. MURRAY: Well, as far as I personally was concerned I was not terrorized at that or anything else. I did dread the consequences that might come to the bank and those interested in it.

MR. BRITT: Any threats against the company, Judge?

MR. MURRAY: None at all, except the issuance of a fraud order. (Laughter.)

MR. BRITT: Did they tell you that they would issue a fraud order against—make any threat of a fraud order—against your bank?

MR. MURRAY: Oh, yes; they gave us to understand that if we didn't act with them that there would be a fraud order.

MR. BRITT: Now, in what way did they give you to understand that?

MR. MURRAY: They took this position, that we were just exactly the same as Lewis, because we were aiding Lewis.

MR. BRITT: I see.

THE CHAIRMAN: Just one question, Mr. Murray. You want this committee, then, to understand that these postoffice inspectors led you to believe, and you were firmly convinced, that if you continued the handling of this exchange of stock, as a representative of Mr. Lewis, your trust company would be in very great danger of having a fraud order issued against it?

MR. MURRAY: Oh, indeed! Otherwise I should never have made the humiliating deal we did to handle everything with them in accordance with their wishes.

LEWIS "EXCOMMUNICATED."

They also proposed to put a censor on our mail, to segregate Lewis' mail and turn ours over to our bank. I told them that would be equivalent to a regular fraud order. We were simply compelled to do everything they requested. I notified Mr. Lewis that I would return the securities. That night he got busy and got out an injunction against the company and me and everybody, to compel us to go on and carry out the contract. The injunction never was dissolved. The Lewis Publishing Company afterwards got a written order from each party to deliver their securities to Mr. Lewis or the company. He had a sack full of them, but I refused to turn them over to him. I believe I told him he was excommunicated, but I still belonged to the church. (Laughter.) Part were finally turned over to Major Kramer as trustee, and the rest to the Lewis Publishing Company.* Mr. Lewis consulted me regarding the form of this transfer in the first instance, and I regarded it as perfectly legal, both in form and substance.

Here ensued the following colloquy:

MR. TOWNER: Did you have any knowledge of the legality of the transaction, as to whether it was in accordance with the regulations and rules and laws of the postal authorities?

MR. MURRAY: I didn't know that the postal authorities regulated our private business, up to that time. (Laughter.)

MR. TOWNER: You haven't found out since that they do?

MR. MURRAY: I have found out that they are a quantity to be considered. There was no State law regulating the matter, except the wish of the parties to dispose of their property as they pleased. I didn't think there was any law regulating it, so far as the postal authorities were concerned, but I was afraid that they might think there was. * * *

We were simply to receive the stocks and deposits and make whatever disposition the owners requested. Even after we had received them and receipted for them, they could make any change they desired. The personal instructions I received from Mr. Lewis about making the transfer

*The following report was afterwards made to the postoffice inspectors by Judge Murray, in behalf of the Missouri-Lincoln Trust Company, enumerating the securities received in exchange for Lewis' trustee notes and delivered to H. L. Kramer, trustee:

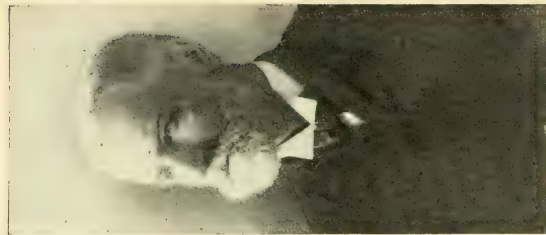
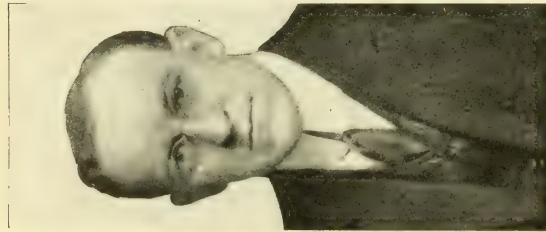
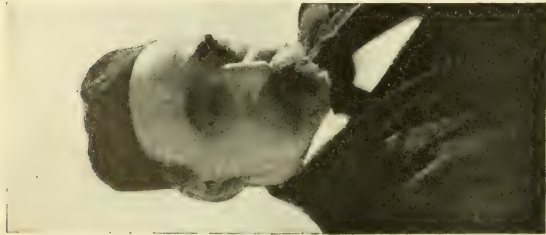
People's United States Bank stock.....	\$ 191,219.00
E. G. Lewis' personal receipts.....	20,426.00
Depositors' pass cards.....	14,504.50
Pass books	3,194.01
Notes	3,002.00
	<hr/>
	\$ 232,345.51

Also securities received in exchange for Lewis Publishing Company preferred stock and delivered to F. V. Putnam, treasurer of the Lewis Publishing Company:	
People's United States Bank stock.....	\$ 486,834.00
Lewis' personal receipts.....	537,718.02
Depositors' pass cards.....	18,692.50
Depositors' pass books.....	28,698.89
Notes	10,251.00
	<hr/>
	\$1,082,194.41



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Group of Senators and Congressmen who have at times taken the part of Lewis in his controversy with the Post Office Department
Senator Wm. J. Stone, of Missouri, who has denounced on the floor of the United States Senate the attacks of the government upon the Lewis enterprises
Hon. Edgar D. Crumpacker, Congressman from Indiana, author of the Crumpacker Bill for the judicial review of fraud orders
Senator Albert J. Beveridge, of Indiana, to whom Lewis is indebted for many friendly offices
Hon. Richard Bartholdt, Congressman from Missouri, who as representative from Lewis district has often appeared on his behalf before the Post Office Department



Group of newspaper men who have investigated and reported as to the merits of the Lewis controversy with the Post Office Department. Alexander Del Mar, formerly director of the United States Bureau of Statistics and Metallurgy, afterwards editor of "The American Banker," in which capacity he made an investigation and report on the People's United States Bank. Allen P. Albert, formerly editor of the "Washington Times," who made an independent investigation and reported privately to Corblyou and Third Assistant Postmaster General A. L. Lucas. W. J. Loewenstein, formerly member of the staff of the Hearst newspapers, who was employed to superintend the counting of the Citizens' Committee. He was afterwards employed by Lewis as Manager of the St. Louis Star. Walter B. Storrs, formerly Washington correspondent of the St. Louis Globe-Democrat, sometime president of the Gridiron Club, who was associated with Mr. Loewenstein in charge of the Citizens' Committee.

were to let the parties do just as they pleased, regardless of whether they had assigned them or not. I couldn't see that there was any fraud in that. Mr. Lewis' financial position was very good at that time. He had valuable real estate out there. He had credit with us. He was in good standing as a business man. I knew that the fraud order did not affect his integrity.

These transactions were explained by Lewis in his testimony before the Ashbrook Committee, in substance as follows:

Three options were offered to the investors in the bank. First, they could, of course, take whatever the bank paid in liquidation. That was their evident right and privilege. Second, those who desired to stand by me and fight to a finish could take my personal note, protected by my entire income, and receive five per cent interest. Third, those who chose to come into the publishing business could accept the preferred stock of the Lewis Publishing Company. This we agreed to increase to equal their full investment, dollar for dollar. I undertook to be responsible for the loss or difference between what the bank liquidated and the par value of their bank stock. I paid the first year's interest. Everything then was in complete paralysis. Our credit was destroyed. We could move neither hand nor foot. The record will show, however, that where people were in actual distress, I liquidated their investments, to the amount of many thousand dollars.

Over two thousand of the stockholders in the assassinated bank were officers or directors of other banking institutions, railroads or other corporations. The stock was very generally held by representative business people. They came in on the big idea involved. They preferred to stay in and see the finish, rather than get their money. Many returned their stocks endorsed in blank. They told me to keep the money, and not get licked, but to fight for the principle involved.

The Lewis Publishing Company was virtually free from debt then. It had large cash resources. In addition, it owned two great publications and printing houses. It was one of the most profitable publishing enterprises on earth. It was earning a handsome profit. No attack was then being made on the Lewis Publishing Company. A hearing had been held before the third assistant postmaster-general at Washington, but we did not dream they would follow the matter over to the magazines and destroy them. The magazines were to be our fighting weapon. I, therefore, laid the proposition before the stockholders of the Lewis Publishing Company. A formal meeting was called, of which due notice was published. The meeting was held in the Magazine building. Most of the stockholders attended. According to my recollection, seventy or eighty of the representative stockholders were present. They brought proxies for almost the entire remaining stock. Mr. John A. Lewis, cashier of the National Bank of Commerce, was one of the tellers. Mr. George Augustine of the Carleton Dry Goods Company, was another.

Although there was then no way to tell what proportion of the investments in the bank would be turned over in exchange for publishing company stock, I proposed that we increase the preferred capital stock by \$2,300,000. The common stock, which was held by my associates and myself, was to remain unchanged. I undertook to subscribe, as trustee, for those who desired to transfer their investment from the bank into the publishing company. I gave the publishing company my note, with the stock attached as collateral. This arrangement was afterwards ratified.

The Missouri-Lincoln Trust Company then turned over the securities to be exchanged for the Lewis Publishing Company preferred stock to the treasurer of the company. He presented them to the receiver. After the bank liquidated, the corresponding payments went into the capital stock of the Lewis Publishing Company, being credited on my notes, as the stock was issued, in lieu of former investments in the bank. Then the Publish-

ing Company put up the Woman's National Daily building and started that newspaper. We rolled up our sleeves and took a fresh hold.

The amount of preferred stock taken in this way was not quite one and one-half million dollars. I also paid over several hundred thousand dollars of the money received by me for my personal notes. Furthermore, I raised large sums on real estate and paid them on my notes for the stock. To sum up the matter, the investors had the option to abide by the liquidation, or take Lewis Publishing Company preferred stock, or my trustee notes. Had they remained in the bank they would have received eighty-seven per cent of the cash. Some did so. The large number made the exchange for one or other of the two other options. About one and a half millions of the increased preferred stock was thus transferred from stockholders and depositors. A great many depositors also took advantage of one of these options, although they knew they could get cash in full from the receiver.

SWANGER'S VALEDICTORY.

Receiver Essen, in accordance with instructions of the court, mailed a circular letter to all stockholders under date of October 9, instructing them to present their certificates of stock for adjustment and allowance between the first Monday of December, 1905, and the first Monday of February, 1906. He informed the investors about what the bank was expected to liquidate and advised them that any transfers of their stock which they might have made could be set aside if they so desired. The response of the stockholders and depositors to this circular abundantly satisfied both the court and the attorney-general that they desired to stand by the assignment of their claims to Lewis. Mr. Essen, at Lewis' request, addressed a letter to the Missouri-Lincoln Trust Company, informing it of the result of this circularization. In this letter he says: "After having carefully gone over the slips, I find that the percentage of those who desire to repudiate their assignment is somewhat less than one per cent, based on the number of answers received." He adds: "Mr. Lewis has instructed me, upon receiving notice from any stockholder that he desires to cancel his assignment, not to recognize the transfer to him, but to adjust the claim with the stockholder direct." Shortly thereafter, the court denied the motion of the attorney-general that these assignments should be declared null and void.

Lewis' amazing progress in his refunding operations evidently was objectionable both to the State and Federal authorities. Secretary Swanger, although he, at the same time disclaimed any personal bias, privately protested to the receiver because of the latter's apparent sympathy with Lewis and co-operation in Lewis' plans. The attitude of the Watchman-Advocate, a newspaper owned by the receiver, was also objected to. Swanger denied acting "in collusion with corrupt officials to loot the bank," as charged in that publication. Essen appears to have retorted warmly, disclaiming any responsibility for Lewis' personal arrangements with stockholders. He received a response which was perhaps intended as a conciliatory overture, but which might have been regarded as a bid to become

aligned with the official foes of Lewis and his institutions. Swanger's letter is notable for its admission of the policy of "concerted action" between the Federal authorities "from the President down" and the State authorities of Missouri. He says:

I do not hold you responsible for Mr. Lewis' articles. I do not think that you inspire them or write them, and I do not care anything about them, if everybody who is interested in the People's United States Bank gets just what is coming to them. You can be of invaluable assistance to the State in this matter, and I hope you will take a stand for the rights of the creditors of this bank; and, having taken it, stand to the end. In that position, you will have both Mr. Hadley and myself with you; and you will have the Federal Government with you, from the President down.

The sorry record of the State authorities of Missouri limps lamely to its end in the sixth biennial report, for 1906, of Bank Examination in Missouri. Here Secretary of State Swanger gives his version of his official conduct touching the People's Bank. He first rehearses briefly the story of the promotion of the bank, as to which he says: "The extravagant promises which he (Lewis) made as to the safe conduct of the bank and the bright pictures of the fabulous profits which would come from the investment of its capital stock, which he published from time to time in his magazine, accomplished their purpose." He then recounts the fact as to the incorporation, organization and examination of the bank, with which the reader is familiar. He recites "the state of facts with which he was brought face to face when the fraud order was issued" and mentions briefly the appointment and ouster of the first receiver. He then says:

Upon again assuming control of the bank, Mr. Lewis sought to secure from the many thousands of subscribers to the capital stock a transfer of their stock to himself. Strange as it may seem, by means of sensational articles in his magazines and personal letters of like character, he was enabled to secure the assignment of hundreds of thousands of dollars' worth of the capital stock by giving them in lieu thereof his own personal unsecured note, bearing five per cent interest annually, and payable only when his income above his living expenses would permit. Another method for obtaining the capital stock of the bank was by promising to issue in lieu thereof six per cent preferred stock in the Lewis Publishing Company. Hundreds of thousands of dollars of the capital stock was obtained in this way. Thus, when the time came for the distribution of the assets of the bank in liquidation, Mr. Lewis and his publishing company were in possession of nearly one million five hundred thousand dollars of the capital stock. The result of these transfers is that the subscribers, who had put their money in the capital stock of the bank to that amount, now hold in place of their money Mr. Lewis' personal notes or stock in the Lewis Publishing Company.

Swanger next chronicles the history of the celebrated note of one hundred and forty-six thousand dollars for promotion expenses, which, he says, "was by the directors returned to Mr. Lewis and allowed as reasonable charges against the bank." He then adds, "The court on motion of the attorney-general, ordered this note returned to the bank and suit brought for its payment, but before this suit was determined the receiver was discharged. This made it neces-

sary for him to dismiss the suit as he no longer had power to prosecute it." He then mentioned the appointment of Essen and his ouster by the Supreme Court. The decision of the court criticising severely his official conduct, was touched upon in brief and formal phrases. He remarks that the receiver paid in full all depositors on demand and, on the order of the court, paid back to the stockholders dividends on the capital stock equal to eighty-five per cent of their holdings. He mentions the additional dividend to the stockholders of two per cent paid by the directors, making a total of eighty-seven per cent paid back in all. He estimates the loss to stockholders as about twelve per cent of the amount paid in on the capital stock or a quarter of a million dollars. "I may add," says Swanger, "by way of explanation, that the large amount of stock of this bank obtained by Mr. Lewis from the thousands of stockholders enabled the receiver to more readily wind up its affairs." He thus concludes:

In fact, the dividends on this stock would pay the indebtedness of the Lewis Publishing Company, the University Heights Realty and Development Company, and return to Mr. Lewis many other loans and stock of other corporations placed in this bank by him, together with a goodly amount of cash. The fraud order is still in force against the bank, and its officers and agents as such, although several hearings have been had in the United States courts and repeated appeals have been made to the Postal Department to have the order revoked. Mr. Lewis is also under indictment in the Federal court on charges of using the mails for fraudulent purposes."

The sequel will show that the outcome of the indictment thus quoted by Swanger, as presumptive evidence of wrong-doing in the promotion of the People's Bank, was as inglorious to the Federal authorities by whom it was secured, as was the denouement of his own efforts to discredit that institution through the receivership proceedings.

CHAPTER XXIII.

THE ATTACK ON THE WOMAN'S MAGAZINE.

THE ATTITUDE OF MADDEN—THE WAR ON THE WOMAN'S MAGAZINE—THE INSPECTORS' REPORT—MADDEN'S REPORT TO CORTELYOU—THE USUAL LINES—THE BROMWELL-WEIN-SCHENK AGREEMENT—PARSHALL, THE INFORMER—THE HOLD-UP OF THE WOMAN'S FARM JOURNAL—MADDEN'S PROTEST TO CORTELYOU—THE INSPECTORS' COUNT OF THE SUBSCRIPTION CARDS—THE CONFERENCE IN WYMAN'S OFFICE—THE GRAND JURY PROCEEDINGS—EILERMANN'S AFFIDAVIT—MILLER INTERROGATED—THE FIRST INDICTMENTS—ATTITUDE OF FULTON—THE THIRD ATTACK.

The story of the "concerted action" of the Federal and State authorities against the People's United States Bank has now been fully told. Inspector-in-Charge Fulton, in pursuance of that program, was able to command the support of the assistant attorney-general for the Postoffice, the attorney-general himself, and the postmaster-general, or in the words of Secretary of State Swanger, "the entire Administration, from the President down." The Administration had been sustained by the Federal courts. It had been supported by the State authorities in Missouri to an extent held to be unlawful by the Missouri Supreme Court. It even enjoyed the co-operation of a sympathetic fraud order enforced by the express trust. There was but one hitch in the "concerted action" program. This was the refusal of the third assistant postmaster-general to silence Lewis by summarily withdrawing the second-class privilege from the Woman's Magazine and the Farm Journal. Upon this rock the fortunes of the allies suffered shipwreck.

THE ATTITUDE OF MADDEN.

The personality of the man who thus thwarted the policy of concerted action within the Department itself now becomes of commanding importance. His figure stands out with increasing prominence as the record of the Siege progresses. His solitary fight for the principles of truth and justice against the power and prestige of his official superior deserves commemoration in a history devoted to itself alone. Only the labors of a sympathetic biographer can do full justice to the conduct of Edwin C. Madden in the Lewis case. For the position of Madden from the standpoint of this story is anomalous. His reform policy gave official sanction to the first attacks upon the Winner and the Woman's Magazine. It prevented definite action by the Department on the application of the

Woman's Magazine for second-class entry on the occasion of the change of name from the Winner. It caused Madden to formulate sundry criticisms against Lewis' publications in his official correspondence with the postmaster-general. It even led him to state that in his opinion they could be ruled out of the second class under existing law. It is, in short, the contention of the Government that the whole trend of Madden's reform points to the Lewis publications as abuses of the second-class privilege. The postal authorities quote Madden's official rulings and correspondence in justification of their conduct. They allege that Madden's attitude touching the Lewis publications was totally inconsistent with the tenor of his previous policy.

On these grounds, the last Administration of which he formed a part, and those which have since come into power, have repudiated Madden for his alleged failure to apply to the Lewis case the principles which he himself formulated, and upon the execution of which he so successfully embarked. He occupies, therefore, in this history a unique and solitary position. He is here seen to stand alone and to act upon his individual judgment, unmindful of the consequences either to the Administration, to Lewis, or to himself. In order to do Madden full justice, the part thus played by him should be viewed from his own standpoint. This the limitations of space of the present volume forbid. The controversy between Madden and Cortelyou touching the Lewis publications, though a vital and essential feature of this story, is but one of its many stirring episodes. It must be here summarily disposed of with sole regard to its bearing upon the Siege of University City. It is to be hoped, however, that the full story will be told at some future time by Madden himself, or his biographer, and that his entire official correspondence touching the Lewis case will be then interpreted from Madden's viewpoint and made available to the general reader. When thus portrayed in proper perspective, the personality of Madden will take its place among the most heroic figures in American public life. It will stand for all time in American history among the noblest examples of firm and steadfast adherence to a lofty ideal, and of incorruptible self-sacrifice in the discharge of official duty.

THE WAR ON THE WOMAN'S MAGAZINE.

The story of the war on the Woman's Magazine covers the period from February 7, 1905, to March 4, 1907, a little over two years. The attack was made by the Triumvirate at St. Louis, consisting of Inspector-in-Charge Fulton, Postmaster Wyman and United States Attorney Dyer. The leading spirit was Fulton. The primary objective of the Triumvirate manifestly was to silence Lewis by causing his magazines to be excluded from the second-class mails. The first campaign was thwarted by a decision of the third assistant postmaster-general, adverse to the recommendation of the inspectors, in July, 1905. A second attack was inaugurated by the St. Louis Triumvirate in August. This culminated in Lewis' indict-

ment on December 1, 1905, on a charge of conspiracy to defraud the Government of postal revenues. A third blow was struck in April, 1906. This took the form of an arbitrary limitation of the mailings of the Lewis Publishing Company to about two-thirds of their previous circulation, in case of the *Woman's Magazine*, and one-half, in case of the *Farm Journal*. A charge of excess postage was made on the remainder at the third-class rate of four cents a pound.

We are now to review the story of these three campaigns, with their councils, sorties, skirmishes and battles. Especially must we consider the diplomatic intrigues in high quarters, whereby the St. Louis Triumvirate gained and kept the support of the Administration. We also are to observe the nature of Lewis' defense and the official acts and attitudes of Third Assistant Madden, who, single-handed, throughout this entire period, thwarted every effort of Fulton and his clique to summarily deprive the Lewis publications of the privileges of the mails. The sequel will show that George Bruce Cortelyou, and he alone, was finally and decisively responsible for what Lewis is pleased to call the assassination of the *Woman's Magazine* and *Farm Journal*.

The theory on which the inspectors made their first attack upon these publications was that Lewis had designed and used them "primarily for advertising purposes," in violation of law. They also maintained that in promoting the sale of bonds of the Development and Investment Company, and in exploiting the People's Bank, both publications had been used in aid of schemes to defraud. These charges were based upon two of the cases against the Lewis enterprises made up in Washington and inherited by Fulton from the previous administration of George A. Dice. Both were turned over by Fulton to Inspectors Stice and Sullivan for investigation, together with that of the People's Bank, on February 7, 1905. There was, however, no case on file with the division of postoffice inspectors at St. Louis, charging the Lewis Publishing Company with the abuse of its second-class privilege. Nor had there been any charge of that nature entertained by the Department since the investigation of Harrison and Holden leading to the citation against the Winner, on April 2, 1902. Meantime, the name had been changed to the *Woman's Magazine*, and the character of the magazine itself had been completely altered.

Fulton, a new broom in charge of the St. Louis division, evidently made up his mind to make a clean sweep of the investigation of the Lewis enterprises, directed by Vickery from Washington. In reply to Vickery's instructions, on February 11, Fulton stated that before concluding this investigation he expected to make a report as to whether or not the *Woman's Magazine* and *Farm Journal* were conducted in abuse of the second-class privilege. He then pointed out that there were no official charges to that effect on file, and requested Vickery to make up such a case and send it to him for investigation. Vickery promptly complied. He forwarded,

on February 14, an official jacket, docketed, with the charge that the Lewis Publishing Company was abusing its second-class mailing privilege. In this occurs the words "P. O. I. (Postoffice inspector), complainant." In other words, Fulton was the sole complainant in this case.

On receipt of the official jacket from Washington, Fulton turned this case over to his inspectors to be investigated. The reader will recall that the first visit to Lewis' office was made on March 17, 1905. The conversation that afternoon was desultory. It touched upon the Lewis Publishing Company only as one among Lewis' many enterprises. In pursuance of a general agreement arrived at on that day, the inspectors submitted to Lewis a list of questions designed to draw from him the facts touching advertisements of his own enterprises in the *Woman's Magazine* and *Farm Journal*. Lewis, in response, averred that all the advertisements of the companies in which he was interested were being charged to those concerns at full card rates. He pointed out that many advertisements inquired about were being run in behalf of Mr. Cabot, as part of the purchase price of the *Woman's Farm Journal*. He then drew attention to the fact that all the advertising of his own corporations in both magazines amounted to a very small fraction, less, he averred, than one per cent of the total cash advertising in their volumns. He also furnished the inspectors a financial statement of the Lewis Publishing Company, together with such other information as was required.

THE INSPECTORS' REPORT.

On this basis of fact, Inspector Stice drew up a report, which was signed jointly by himself and Inspector Sullivan, on the same day they signed the report on the People's Bank, May 17, 1905. Both reports were approved by Fulton and forwarded to Vickery. That on the Lewis Publishing Company was transmitted, in due course, to the bureau of the third assistant, the officer having lawful jurisdiction of the administration of the second-class law. This was accompanied by a carbon copy of the report on the bank.

The reader will recall the inauguration of certain reforms of alleged abuses of the second-class mails by Third Assistant Postmaster-General Madden, as described in the foregoing pages. It will be remembered that when, in due course of this reform, the third assistant reached the mail order journals, he caused citations to be issued to a large number of these publications. The Winner was thus cited to show cause why its second-class privilege should not be withdrawn. A movement was promptly started among the owners of the mail order journals, thus threatened with annihilation, to fight the Department in the courts. Lewis was invited to participate. Upon the advice of Harrison J. Barrett, he refused. He took the ground that the *Woman's Magazine* was no longer in the class with the periodicals objected to by the third assistant. It took rank, he said, with the *Ladies' Home Journal*, the *Woman's Home Com-*

panion, and other like publications. He contributed the sum of one thousand dollars to the fund raised by the publishers to meet the cost of litigation, but stipulated that neither his name, nor that of his publications, should be in any way involved.

A group representing nineteen publications was finally gotten together. These publishers employed the firm of Bromwell & Weinschenk as attorneys, and applied to the courts of the District of Columbia, which have original jurisdiction over the administrative acts of Federal officials, for an injunction against the postmaster-general. A temporary restraining order was granted. This enjoined either the postmaster-general or the third assistant from taking any further steps against the publications named until the cause should be finally adjudicated. The whole course of Madden's reform touching the mail order journals was thus summarily arrested. For it would have been manifestly improper, in his opinion, to proceed against other periodicals of the same type while nineteen of those deemed by him to be the principal offenders were protected by an order of court. The case then pending against the Winner, under the citation of April 2, 1902, was, therefore, held in suspense, with others of the same general character.

Fulton, when acknowledging Vickery's instructions to investigate the Lewis enterprises, had requested him to ascertain from the third assistant the status of this case. He was informed that the injunction proceedings were still pending, and that no further action was contemplated by the bureau of the third assistant until this litigation was settled. Notwithstanding this fact, and without further reference to that officer, Fulton, as above narrated, on his own initiative, requested Vickery to formulate charges against the Lewis Publishing Company. He then caused these to be investigated and approved and forwarded the inspectors' report. The first information of this proceeding had by the third assistant was the receipt by him, on May 19, of the inspectors' report.

Madden's opinion of the postoffice inspectors is already known to the reader. He regarded them as lawless and unreliable. For the delicate task involved in his projected reform of the administration of the second-class law, he had procured from Congress a corps of special agents whose duty it was, under his supervision, to investigate the claims of publishers regarding their circulation. For several years these special agents had been employed for such purposes, to the exclusion of the postoffice inspectors. Lacking the initiative of the third assistant, the appearance of this report, inspired solely by the activity of the inspectors, impressed Madden as being strikingly irregular.

The Woman's Magazine and Farm Journal were known to him as two of the periodicals of largest circulation in the United States. He regarded them in the same general class as the nineteen publications then protected by injunctions. They were not guilty, so far as he was aware, of more flagrant abuses of the second-class law

than were countless other periodicals. The idea of summarily excluding them from the mails was not only contrary to Madden's avowed policy of postponing further action until his newly made regulations were sustained by the courts. It was also repugnant to his idea of fairness and justice.

Moreover, on examining the inspectors' report, Madden at once recognized that it was based upon a total misapprehension of the second-class law. The chief contention of the inspectors was that the exploitation of the People's United States Bank and of Lewis' other enterprises in the Woman's Magazine and Farm Journal brought them within the prohibition of the statute against publications designed primarily for advertising purposes. Madden's knowledge of the entire publishing industry made him aware that the publishers of many periodicals of the highest class were advertising in their columns various enterprises of their own to a far greater extent than was Lewis. Madden knew that this practice was not only lawful, but was protected against the interference of the Department by the uninterrupted usage of the publishing industry and the unbroken precedents of the Department since the passage of the Act of 1879.

The inspectors also laid great stress on the fact that the revenue from advertising in the Lewis publications was about ten times as great as that from subscriptions. They pointed out that not a single issue of the Woman's Magazine could be brought out by the company without its advertising revenue. They deduced the conclusion that this publication was evidently designed primarily for advertising purposes. This argument alone betrays the utter ignorance of the inspectors of the most elementary principles of the publishing business. The third assistant well knew that there are very few, if any, periodicals in the United States which could be operated without advertising revenue. Many other facts and arguments adduced by the inspectors were found by the third assistant to be wholly irrelevant to the question of the rights of the two publications to the second-class mailing privilege. The report as a whole was characterized by the same spirit of implacable hostility, and was couched in the same language of passion and prejudice as that above quoted concerning the People's Bank.

This document was handed to the third assistant on May 19, 1905. Several conferences with the postmaster-general followed. Madden states that he drew the latter's attention to the irregularity of the entire procedure. He referred to the injunctions and the accepted understanding that nothing would be done until the questions involved in the court procedure were settled. While the matter was thus under consideration, on May 31, 1905, the famous "concerted action" telegram was received from Inspector Fulton at St. Louis. The purpose of this was to hasten action by the Department on both the inspectors' reports. It was addressed to the chief inspector, but a copy was furnished the third assistant. This telegram closes with

the words, "I suggest concerted action on the part of the assistant attorney and third assistant on reports of the 16th inst." The 16th inst. was a mistake. The reports were dated the 17th. The receipt of the "concerted action" telegram, and especially its air of assurance, had a disturbing effect. Evidently the man who composed and signed it had little doubt that the recommendations in the two reports would be adopted.

Madden states that he then called in consultation the special assistant attorney provided by law for his office. It was decided that under the circumstances the best thing to do was to cite the publishing company to show cause why its magazine should not be ruled out of the second class. It was felt that it would not be well for the third assistant, now that he had pointed out the irregularity of this action, to be too resistant. On the same day, May 31, 1905, the Post-Dispatch extra was published at St. Louis. Immediately on receipt of Fulton's telegram the third assistant addressed to the postmaster-general the following important letter:

Case No. 52856-C. Report of Postoffice Inspectors William T. Sullivan and J. L. Stice, dated May 17, 1905, on the Woman's Magazine and the Woman's Farm Journal, of St. Louis, Mo. Approved by Inspector-in-Charge R. M. Fulton, May 17, 1905.

General Cortelyou: In this case of the Woman's Magazine and the Woman's Farm Journal, of St. Louis, regarding which we have had some conferences, I beg to inform you that after you left the city Monday I decided, because of the circumstances, to cite the publisher to show cause why those two publications should not be excluded from the second class of mail matter. Separate citations were issued. * * *

I doubt whether this action is in accordance with your temperate and judicial method of dealing with such matters. It is not in keeping with the policy of caution and avoidance of immoderation which has heretofore prevailed in this office and which has been generally successful in dealing with abuses of the second-class mailing privilege. I was prompted to take this action by the earnestness with which the charges against these publications are pressed in the inspectors' report, although a very great deal of the evidence on which it is based has no relevancy to the question of postage rates. This view is concurred in by the special counsel for the Department, on this class of cases. I was also influenced by the telegram of Inspector Fulton, dated May 31, wherein he urged "concerted action" on the part of assistant attorney and third assistant. * * *

I do not understand why the questions of the issuance of the fraud order, on the one hand, and the right of the publications to a particular classification, on the other, should be the subject of "concerted action," but I did not wish to leave any obstacle in the way of the inspectors establishing the case which they appear to conceive themselves able to make. I deemed it improper, however, to act upon their recommendation that the second-class privilege of the Woman's Magazine be summarily taken away. That publication has been, in fact, accorded that privilege, and is in the enjoyment of it in the customary manner. The exact form of the authority is, in law, immaterial. I am advised by counsel that it would be contrary to the statute requiring hearings in such cases, to annul the privilege summarily. This, I have ascertained, is also the view of the office of the assistant attorney-general. It is certainly in accordance with the dictates of justice. A summary denial of this privilege, as recommended, would mean the sudden destruction of a business valued at upward of a million dollars and the rendering idle, if not useless, of a plant in which over \$400,-

000 appears to have been invested. The act of March 3, 1901, was designed to prevent just such attempts to strike down established enterprises without warning. I could not permit myself to be hurried beyond the law. Owing to the unusual course of procedure in this case, it may become necessary at the hearing, on June 17, to have the inspectors present to furnish the evidence which they summarized in their report.

THE HEARING BEFORE MADDEN.

In consonance with this memorandum to the postmaster-general, and citation to the publishers, a hearing was granted to the Lewis Publishing Company on the rights of its publications to the second-class mails. This was taken up at the close of the hearing before Goodwin in the case of the People's Bank. The latter hearing occupied the entire day of June 16 and the forenoon of June 17. It will be remembered that it was conducted in secret. No transcript of the evidence taken was made. The afternoon of June 17 was given to the hearing before Madden. This was conducted openly. All the proceedings were taken down in shorthand. The evidence submitted is of record. The substance of Lewis' statement on this occasion has been given in a previous chapter, entitled, "The Rise of the Woman's Magazine." The third assistant reserved his decision and extended to Lewis the privilege of submitting additional arguments in writing. Accordingly, on June 22, Lewis submitted a written brief. This brief and accompanying exhibits, together with the evidence submitted at the hearing, were digested by the third assistant, with the assistance of his special counsel. His final decision was adverse to the inspectors. The right of both publications to be carried in the second-class mails was sustained. Madden, in his statement to the Ashbrook Committee, said:

On July 8 the third assistant, with the aid of the special assistant attorney provided for his office, rendered a detailed report touching the right of the magazines to continue in the mails. This was made only because of the unusual circumstances of the case and the apparent exceptional interest of the postmaster-general. In regular practice the postmaster-general holds aloof from such matters, and is thus free and open-minded to come into them in the event of an appeal. * * * The postmaster-general, however, had taken this case in his own hands out of the bureau having lawful jurisdiction. He managed it from the hour he came into his office to the hour he went out. Fulton and his subordinates were acting at all times under his instructions.

The proceeding up to the time at which the inspectors' report was received was wholly irregular. I called the postmaster-general's attention to this, but manifestly a subordinate could not step in and ask him to account for his actions. * * * Previous postmasters-general had been very particular not to interfere, because it was essential that the reform which I had in hand should be conducted with due consideration for the morals and justice of it. My report of July 8 to the postmaster-general was, therefore, most unusual, but it dealt with the subject very thoroughly and again emphasized the irregular course of procedure which had been followed. I will now read extracts from that report:

MADDEN'S REPORT TO CORTELYOU.

"It is especially important to understand that the question of fraud and the question of postage rates have no relation to each other. Each must be decided independently of the other, upon the facts respectively relevant. * * * It is, therefore, of no relevance upon the question of classification

that these publications are charged to be aids in a scheme to defraud. These cases, so far as my jurisdiction extends, must be decided upon the evidence indicating the primary design of the publication themselves. * * * This reasoning (that in the inspectors' report) would exclude practically every daily newspaper and every magazine from the second class. There is hardly a newspaper or periodical of the higher class in which the annual cost of production is not greatly in excess of the revenue from subscriptions alone. * * *

"A critical examination of the issues of the Woman's Magazine and the Woman's Farm Journal shows that the space devoted to the advertising, as compared with the space devoted to reading matter, is not greater, on the average, than that in the recognized periodicals. A careful comparison proves that the total amount of advertising carried in the publications in question is not, on the whole, greater in proportion than that carried by Harper's, McClure's and Scribner's. Compare the June, 1905, number of the Woman's Magazine with the Ladies' Home Journal for the same month. The Ladies' Home Journal is approximately twice the size of the Woman's Magazine. The latter contains forty-three columns or about seven thousand eight hundred lines of advertising, as against ninety-five columns, or nineteen thousand lines, in the former. There is no substantial difference in the relative amount of advertising in the two.

"With respect to the text being a mere cover for the advertising, it would appear that the reading matter, although not of the highest literary merit, is prepared specially for these publications. * * * In the absence of any evidence indicating that the subscribers do not pay for the paper on its merits, it is practically impossible to say that the reading matter is intended merely as a mask for the advertising.

"The Woman's Magazine is a leading medium for mail order advertising. In the following list composed by the Rowell Advertising Agency and purporting to name the six best mail-order publications in the country, it is found third; Everybody's Magazine, Ladies' Home Journal, Woman's Magazine, Saturday Evening Post, McClure's Magazine, Collier's Weekly. * * * Upon the foregoing state of facts alone, without an analysis of the circulation and without evidence as to whether the claimed list of subscribers, is, as a matter of fact, legitimate in its entirety as required by law, * * * I do not feel warranted in holding that the Woman's Magazine or Farm Journal, as distinguished from publications of the same general class, are primarily designed for advertising purposes in general or to specially advertise the other businesses of the publishing company. * * *

"If you direct it, an investigation along the usual lines pursued by this bureau can be carried forward in respect of these publications; but in my judgment such a course can best be followed later, when the determination of the Department in the cases of some other mail order publications, which are far clearer and more flagrant abuses of the second-class privilege, and which are now before the courts, has received judicial approval. These are not clear cases. The reform, if it is to be sustained, must be carried on by seeking to establish our contentions only where they are palpably correct. In view of these facts, I recommend that these cases be closed by a letter from the third assistant postmaster-general to the postmaster at St. Louis."

The third assistant's report also contains the statement that, at the hearing on June 17, the representatives of the company stated their entire willingness to comply with the wishes of the Department. If the space in their publications devoted to advertising seemed to be too great, it would be reduced, they said, to meet any rule which the Department would promulgate. If the advertising space devoted to other businesses in which the company was con-

cerned seemed to be too great, it would be promptly reduced or eliminated. If the subscription rate of the magazines appeared to be too low, it would, immediately, upon notice, be raised to any acceptable figure. Just before closing, Madden's report states:

It is, therefore, important that the third assistant postmaster-general should reach a judgment only after careful consideration of the evidence which experience has shown to be relevant and material. Especially should he do so without haste or bias, and uninfluenced by any preconceived notion.

General Madden, in his statement to the committee, continued:

The postmaster-general's attention had now been called, in the most forceful way, to the irregularities in handling the case. Indirectly he had been told that his procedure was unlawful, and that if anything were to be done concerning the two publications of the company, it should be done in the regular order. The unusual lines of the procedure so far were pointed out. The record did not look well. The "concerted action" program had failed. Now comes the postmaster-general with a letter of July 12, a reply to the July 8 report. I quote it in its entirety:

THE USUAL LINES.

"Case: Woman's Magazine (C. D. 26575) and Woman's Farm Journal (C. D. No. 58208), published at St. Louis, Mo., by the Lewis Publishing Company.

"Please have investigation made along the usual lines pursued by your bureau to determine whether the Woman's Magazine and the Woman's Farm Journal are entitled to transmission at second-class rates. It is desired that you will have this investigation completed as promptly as may be consistent with your general practice and will bring the results to my attention. Until such investigation shall have been completed, it does not appear necessary to give the postmaster at St. Louis the instructions which you suggest in your memorandum of July 8. Continuance of the present practice will accomplish the same result."

From now on the case was to be handled "along the usual lines" pursued by the third assistant's bureau. But why not inform the postmaster at St. Louis and through him the publishing company? That was the practice, the "usual lines." The company had been cited to show cause why its magazines should not be ruled out of the second class. It had been put to considerable expense to defend its rights. The report of July 8 contained a copy of the letter which the third assistant had prepared to send to the local postmaster. It provided that he should, in the regular way, inform the publishing company of the decision which had been made on the hearing of June 17, 1905. But by direct order, contained in this July 12 letter, the postmaster-general proposed to leave the company in ignorance. The circumstance, coupled with what had gone before, was bound to raise suspicion of an ulterior purpose.

THE BROMWELL-WEINSCHENK AGREEMENT.

The case of the Woman's Magazine and the Woman's Farm Journal was now in the hands of the third assistant, to be handled along the "usual lines" of his bureau. The inspectors' recommendation of a fraud order against the People's Bank had been approved by Goodwin, and the fraud order had been issued by the postmaster-general. But their recommendation for "concerted action" had been ignored by Madden. The case had then been turned over to him by the postmaster-general to be handled in the same manner as those of other publications of the mail order class.

The important fact to be considered here is that if there had been no further interference by the inspectors or the postmaster-

general, this case would have been closed by the decision of the third assistant. There could have been no possibility of a renewal of the charges until the following April, for the postmaster-general, acting upon the suggestion of the third assistant, had entered into an agreement to formulate, on or before January 1, 1906, a complete new set of rules for the information and guidance of publishers touching their second-class privileges. He had further agreed to take no further steps against these publications until these rules had been issued and opportunity afforded publishers to adjust their business practices. These rules when issued were known as Circular XXV. They were promulgated on December 16, 1905, but did not become effective until after nearly four months' notice to the publishing industry, viz., on April 1, next following.

The occasion of this agreement was the request in writing of Attorneys Bromwell and Weinschenk, representing the group of nineteen publishers in the injunction proceedings. They proposed to dismiss their suits on consideration that any order previously made by the postmaster-general excluding from the second-class privileges any person or publication engaged in the mail order publication business (whether parties to these suits or not) should be dismissed. It was stipulated that no further action should be taken against any such publications until after January 1, 1906. To this the postmaster-general acquiesced in writing. His letter, however, contained the following paragraph:

From the foregoing, it is not to be understood that the Department will fail to act before January 1, upon any specially flagrant case of an abuse of the second-class privilege, where the interests of the Government require prompt action. This, however, is not intended to imply that any one of the publications involved in the injunction proceedings is regarded as specially flagrant, but merely that the Department reserves entire liberty of action as to such cases.

Proceeding with his statement to the Ashbrook Committee, General Madden says:

The situation was that the rules of the Department were to be published for the guidance of publishers and time was to be allowed before the rigid enforcement thereof. This was all the publishers sought. Of course, the rules and the time for compliance must apply to all publications and not to those only which were represented by Messrs. Bromwell and Weinschenk. The Department had no authority of law to make exceptions. It must be true, too, as the matter stood, and until the rules were published, that whatever practices were in vogue, unless they constituted a flagrant violation of law, would not be objected to for the time being.

Two days later, July 21, 1905, the third assistant postmaster-general sent the following memorandum to the postmaster-general. This communication shows that the third assistant construed the promise to Bromwell and Weinschenk to apply to the *Woman's Magazine* and *Farm Journal*. It says:

"In pursuance of the direction in your memorandum of July 12 to have investigation of the foregoing cases (*Woman's Magazine* and *Farm Journal*) made along the usual lines pursued by this bureau, I have assigned them to be investigated, in connection with the other mail-order publications covered by your letter of July 19, to Messrs. Bromwell and Weinschenk, which outlines the policy of your dealing with the class to which

they belong. In the meanwhile, the present status is, as you direct, unchanged. No instructions have been given to the postmaster at St. Louis."

The postmaster-general made no response to this communication. His silence was properly construed as acquiescence.

This first campaign of the inspectors against the Woman's Magazine and Farm Journal thus ended in failure. Meantime the litigation for an injunction against the fraud order and the receivership proceedings of the People's Bank were taking place in the Federal and State courts at St. Louis. Lewis, the while, was bitterly criticising the inspectors in the columns of the Woman's Magazine, and in circulars to the stockholders of the bank. Such was the situation when, in August, 1905, one I. K. Parshall, a discharged employee, laid an information before the inspectors of St. Louis, accusing the Lewis Publishing Company of padding the circulation of its two periodicals by methods which were in violation of the postal laws and regulations. These charges were made in an unsigned written memorandum, said to have been presented by Parshall to Inspector Stice. The statement of Parshall sustains the same relation to the campaign which followed against the Lewis Publishing Company, that Nichols' letter to Loeb bears to the investigation of the People's United States Bank. It set the wheels of departmental machinery in motion.

PARSHALL, THE INFORMER.

The part played by Parshall in the story of the Siege is otherwise negligible. His charges were, in substance, that the Lewis Publishing Company was systematically violating the regulations of the Department, which then limited the sample copy privilege to one hundred per cent, or a number equal to the legitimate list of subscribers. Parshall averred that this was being accomplished by the violation of another regulation, namely, that all sample copies should be plainly marked as such upon the exposed surface of the wrappers. He advised the inspectors that the company made use of wrappers of different colors and sizes for its various classes of mailings. By means of this key, he said, the alleged illegitimate mailings could be detected.

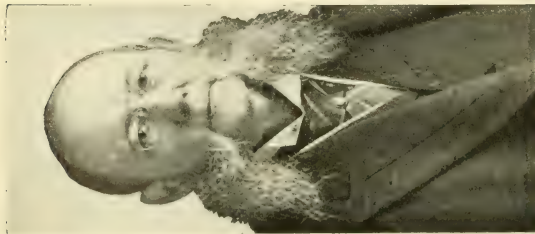
Acting upon this hint, Inspector Fulton promptly caused the postal authorities at St. Louis to reweigh the company's mailings of the Woman's Farm Journal for September, 1905, according to the classification suggested by Parshall. He thus arrived at the conclusion that about one-half of the circulation of that publication was illegitimate. To further corroborate Parshall, Fulton circularized sundry lists of names and addresses copied from the wrappers of the Woman's Farm Journal not marked as sample copies, but which were suspected of being samples mailed in violation of the postal rules. From the responses to these circulars the charges of Parshall appeared to be confirmed. Fulton thereupon called a consultation of the Triumvirate. A decision was reached that the officers of the Lewis Publishing Company were guilty of criminal



Copyright, Harris & Feltz

Group of Federal Judges, whose decisions are landmarks in the history of Lewis and his enterprises

United States District Judge John E. Corland, who presided at Lewis' first trial on the charge that the People's United States Bank was a scheme to defraud, United States District Judge J. A. Rorer, who presided at the second trial. He took the case from the jury and directed a verdict of acquittal, United States District Judge Charles F. Imboden, who presided at Lewis' trial in March and April, 1912. United States District Judge Smith McPherson of Red Oak, Iowa, who denied the application for injunction against the fraud order in behalf of the People's United States Bank upon the ground that the use of the United States mails is a privilege and that the Postmaster General has the prerogative of annulling that privilege by fraud order for reasons satisfactory to him.



Group of United States District Attorneys and associate counsel at St. Louis

¹Chester H. Krum, special counsel for the Government at both Leevis' trials on charges that the Peoples United States Bank was a scheme to defraud ²Henry W. Blodgett, United States District Attorney at St. Louis from 1907 to 1911 ³D. P. Dyer, 1922 to 1907 ⁴Charles A. Houts, February 7, 1910, to —

conspiracy to defraud the Government of postal revenue. It was further decided that an information to that effect should be laid before the Federal grand jury as soon as sufficient evidence to sustain an indictment could be procured. Fulton thereupon, on September 20, forwarded a special report of these circumstances to the chief inspector at Washington. He indicated the volume of the irregular mailings of the Woman's Farm Journal, as shown by reweighing at the St. Louis postoffice, according to the key given by Parshall. He then remarks: "While it may not be susceptible of correct and legal proof, we believe a still ranker showing may be proved as to the Woman's Magazine." We shall see that precisely the contrary was, in fact, the case.

THE HOLD-UP OF THE WOMAN'S FARM JOURNAL.

Fulton again reported to Washington on October 10 to the effect that the mailing of the Woman's Farm Journal for October had then been practically completed. He remarked that the company did not seem to be advised of the detective work being done by the postal authorities, but was apparently still following the system described by Parshall. He then proceeds to make the following astounding statement: "In view of these developments * * * the postmaster has held up * * * sample copies in manila wrappers, whether marked as such or not, in excess of what appears to be his legitimate subscription this month, which is a little over one hundred and fifty-six thousand." He adds that so far there had been held up approximately two hundred thousand copies. This number was afterwards increased to over three hundred thousand, or approximately half of the total mailings. Thus, without any notice whatever to the Lewis Publishing Company, one-half of an edition of a periodical which, for twenty-six years, had uninterruptedly enjoyed the second-class privilege, was deliberately impounded, notwithstanding a deposit had been made to cover the postage and the full amount had been charged against the company at the usual second-class rate. Fulton's letter proceeds:

The facts have been submitted to the United States attorney. He states that he thinks the case should be prepared for presentation to the next grand jury, which meets about November 1, looking to the indictment of Lewis, the president of the company, and F. J. Cabot, its secretary, and editor of the journal. To prove the case completely, it will be necessary to connect Cabot and Lewis in the scheme and to face them with the evidence and obtain some statement from them. It will be necessary further, to make the case complete, for the inspectors and some clerks from the postoffice to visit the publishing company at an early date, before there is time for the manipulation of his subscription cards, and count the subscription cards for the Farm Journal and the Magazine. It is this latter feature that I desire you to consider, and in view of the fact that it has been indicated by you that we should be careful not to interfere with any investigation by other bureaus of the Department, and in view of the further fact that permission to examine the subscription cards and mailing list of the Farm Journal and Woman's Magazine may be denied us by Lewis, I desire that you advise us, after consultation, as to whether there is objection to our taking the action stated. It will have to be taken soon after

the mailings are completed, and I will probably wire you Wednesday or Thursday. Should I do so, I will give you the total mailings for this month and ask you for instructions as to the last proposed action.

On October 12 Fulton was reassured by the receipt of the following telegram from Vickery: "No other investigation pending. Take such steps as you may deem proper. Postmaster-general fully advised." General Madden comments on this situation at the Ashbrook Hearings in the following language:

It will be remembered that on July 12, previous, the postmaster-general had apparently consented to the handling of the case along the "usual lines." These were, under the Bromwell-Weinschenk agreement, to formulate and publish for the guidance of publishers the rules under which the Department would operate. It will be remembered, too, that at the hearing on June 17, 1905, the company had agreed to make any change in its practices or its publications to which the Department objected. * * * That hearing disclosed no reason to find fault with them. The postmaster-general had accepted the finding, but directed that no notice be given. Receiving no word from the Department or the local postmaster as to the decision made upon the hearing, the company was bound to assume that it was not seriously at fault, or that the matter was still pending.

On October 14 the final draft of the proposed rules had for some time been in the possession of the postmaster-general awaiting his O. K. before publication. On that date the third assistant received a communication from the Lewis Publishing Company at St. Louis complaining that the postoffice authorities were again at its books and papers. This move upon the company, while the postmaster-general was holding up the publication of the rules, could have but one meaning. The program for "concerted action" having failed, the purpose was to be carried out by another process. The third assistant, on the receipt of the company's letter, dispatched it to the postmaster-general with a sharp letter of transmittal. Owing to its importance, this memorandum is quoted in full:

MADDEN'S PROTEST TO CORTELYOU.

"Within the last half-hour I have received a special delivery letter from Mr. E. G. Lewis, publisher of the Woman's Magazine and the Woman's Farm Journal, of St. Louis. The following is a copy of the letter: 'At 6:00 p. m., October 11, we received second-class entry blanks from the postmaster of St. Louis with a demand that they be completely filled out and returned by this evening, October 12. * * * I do not know the purpose of this sudden demand, but I have perfect faith that in your Department no action will be permitted that savors of persecution, and I simply take the liberty of advising you of this matter so that we will get a square deal.'

"I find from investigation that the classification division, where action of the kind complained of would originate, did not initiate this action. The postmaster must, therefore, be moving of his own volition or under the direction of some other officer. The Lewis publications are of the mail order type, many of which are alleged to be abuses of the second-class privilege, because of being 'designed primarily for advertising purposes or for free circulation, or for circulation at nominal rates.' A definite plan or policy for dealing with the abuses in this class has lately been determined upon as one of the features of the general reform of abuses of the second class of mail matter. It was the result of conferences between the publishers and the third assistant postmaster-general and yourself. One of its features was the promised publication of the circular regarding lists of subscribers, etc., which is now in your hands. * * *

"There is nothing in the law prohibiting mail order papers as such. The rules heretofore in effect have not furnished any satisfactory and effective guide, capable of uniform and general application upon the question of primary design, free circulation, or circulation at nominal rates. Unless

rules and practices upon them be general and uniform in their operation, they manifestly can not stand either the test of public criticism or judicial scrutiny. Throughout my dealing with this class of cases, and for that matter, with all others, it has been my aim to avoid the slightest appearance of persecution or precipitate action of any kind, by the singling out of one publisher for treatment in advance of those in his class. It is this policy which is the cornerstone of the reform. Without it we could not have succeeded. * * * The action mentioned in Mr. Lewis' letter was not initiated by this office, to which, by the Postal Laws and Regulations, has been assigned the duty of dealing with the classification of mail matter. In my memorandum of July 8, last, relative to the prior action, which likewise was not initiated by this office, I suggested that, if you wished, an investigation might be carried on here in harmony with the general practice. To this you assented in a memorandum dated July 12. Later, in response to my verbal inquiry, you stated that you did not care to have the case taken up out of its natural order. In view of this, I am somewhat at a loss to know how to answer Mr. Lewis' inquiry, and shall await your instructions." The postmaster-general made no response to this communication.

THE INSPECTORS' COUNT OF THE SUBSCRIPTION CARDS.

The way having been cleared by Vickery's telegram, Fulton, on October 13, detailed the same inspectors, Stice and Sullivan, who had scrutinized all of Lewis' affairs the previous spring and had recommended that the second-class privilege be summarily withdrawn from his publications, to conduct this further investigation. He also detailed to assist them Inspectors John D. Sullivan and W. L. Reid. Inspector Stice delivered the following letter signed by Fulton and addressed to Lewis and Cabot, jointly:

The bearers, Postoffice Inspectors J. L. Stice, W. T. Sullivan, J. D. Sullivan, and W. L. Reid, have been detailed to make an immediate investigation of the subscription lists of the Woman's Farm Journal and Woman's Magazine, published by your company.

The developments of this second investigation of the Lewis Publishing Company may be briefly summarized. The first step taken by the inspectors was, by arrangement with Lewis, to make a count of the subscription card files, constituting the mailing lists of the Woman's Magazine and Farm Journal. A detail of fifty-four clerks was assigned from the St. Louis postoffice for this purpose. The count was begun on the afternoon of October 13, and completed on the afternoon of October 15. In view of the two adverse reports of the inspectors, on May 17 previous, and the subsequent developments, the presence of such a large body of postoffice clerks and inspectors was calculated to excite distrust and alarm. The attitude of the inspectors was suspicious and hostile. Friction developed between them and the employees of the Lewis Publishing Company. Acting on the confession of Nichols that he had played a trick on Inspectors Harrison and Holden, in 1901, by juggling the card files of the Winner in such a way that a portion of the list was counted a second time, they demanded permission to seal the doors of the room in which the subscription cards were kept in such wise that the company could have no access to them in their absence. They declined to accept any suggestions from Lewis or

his associates as to the manner of conducting their investigation. In short, they conveyed to the officers of the company the impression that they were regarded as criminals.

For the purpose of their count the inspectors distinguished between current paid-in-advance subscriptions and expirations, that is, subscriptions more than twelve months old which had not been specifically renewed. The result showed the following figures: For the Woman's Magazine, current subscriptions, 539,901; expired subscriptions, 541,792; for the Woman's Farm Journal, current subscriptions, 141,328; expirations, 140,000. In arriving at these figures the inspectors ignored even the expirations of the current month. They proceeded upon the theory that the company was not entitled to count as legitimate subscriptions, within the meaning of the law, a single subscription beyond the paid-in-advance subscription period unless it had been specifically renewed. As the entire controversy touching the second-class privilege of the two magazines hinges upon this proposition, it is important that this fact should be noted and kept in mind.

THE CONFERENCE IN WYMAN'S OFFICE.

The next step taken by Fulton, as proposed in his letter to Vickery, was to confront Lewis with the evidence against him and demand an explanation. Therefore, on November 11, the St. Louis postmaster telephoned Lewis to come to his office for a personal interview. There were present Inspectors Stice and Reid, Postmaster Wyman and his assistant, a stenographer, and Lewis. A partial stenographic transcript of what took place is of record. It opens thus:

POSTMASTER WYMAN: We have asked you, Mr. Lewis, to come down here and have a talk with us, because we think the time has arrived when we should receive from you a statement, or explanation, in regard to your mailings of the October number of the Woman's Farm Journal.

MR. LEWIS: In what particular?

MR. STICE: In regard to your manila wrappers. We are now holding about three carloads of the Woman's Farm Journal in manila wrappers.

MR. LEWIS: Are you doing that by instructions from Washington?

MR. STICE: As far as the inspectors are concerned, the investigation of this entire matter is placed in our hands on instructions from the inspectors' department in Washington.

MR. LEWIS: Did you receive these instructions from the third assistant postmaster-general?

MR. STICE: No.

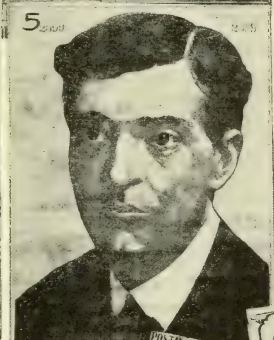
MR. LEWIS: I understand, then, that these three carloads of the October issue of the Woman's Farm Journal are being held on Postmaster Wyman's responsibility?

MR. STICE: Yes; but, by instructions from the postoffice inspector-in-charge, Mr. R. M. Fulton.

MR. LEWIS: The postage for these three carloads has been accepted and a receipt given us, guaranteeing the delivery of the papers, has it not?

MR. STICE: No, the receipt does not guarantee anything of the kind.

Lewis was then questioned in some detail as to the alleged irregular mailings. He replied that he could not give particular information without consulting his subordinates and the records. In this



PUBLISHER WHO HAS EXTENDED HIS INTERESTS TO ST. LOUIS DAILY FIELD



Newspaper photographs of E. G. Lewis at various crises of his career. Numbers 5 and 9 were published in connection with announcements of the fraud order against the bank. Numbers 2, 4, 6 and 10 were published during Lewis' first trial before Judge Carland. Numbers 1 and 8, during the second trial before Judge Riner. Number 3 commemorates the reorganization of the Bank as the Peoples' Savings Trust Company. Number 7, the purchase of the St. Louis Star



Groups of newspaper cartoons and drawings from the St. Louis Press at various crises of Lewis' career

First Group: 1. "When the Women Vote in University City", 2. Lewis' vindication by Judge Riner returning the Peoples' United States Bank to its directors "Cleaning out the dices near the old Delmar Race Track after the incorporation of University City"; Judge Smith Melpherson, who denounced the Peoples' United States Bank of the Roosevelt-Ekstromer incident

Second Group: Newspaper photographs published during Lewis' two trials. Note especially number 2, Lewis denouncing Judge Krum, also number 4, Lewis and Krum, special prosecuting attorney for the Government. 5. Mrs. Lewis as a spectator at the trial. 7. Pictures of Judge Riner



By F. ADAM LITTON, ACTING, BUREAU OF INVESTIGATION

connection he made a statement to the effect that, as is the case with the executive head of most large publishing companies, he had little or no personal knowledge of the details of the subscription department. He said:

I will state that I have had practically no knowledge of the mailing or subscription rules until a comparatively recent date. That whole matter has been in charge of the heads of the departments. Since this matter came up I am looking after them myself. I know that on some issues of the magazine certain kinds of wrappers have been used on special classes of mail. What they are so used for I could not state without looking into the matter. You state that you have about three carloads of the October issue in manila wrappers. I could not positively say, without looking it up, what class of mail they are or whether they are samples, unexpired, or expired subscriptions.

The postmaster stated his dissatisfaction that Lewis should claim he did not know what system was employed in his mailings. Lewis warmly responded that he then had no means of knowing what information would be demanded of him. The substance of his next remarks is condensed into the following sentence: "For the last eight months, the greater portion of my time has been devoted to trying to preserve these institutions from destruction."

Postmaster Wyman, at the close of the interview, addressed a communication to the third assistant postmaster-general. After reciting the records of his office as to the entry of the Woman's Magazine and Farm Journal to the second class, he gives it as his opinion that both are abuses. He then calls for early instructions "to prevent further loss to the Government in connection with the mailings of the next issues" of both magazines. The third assistant sent this letter to the postmaster-general, with a pointed letter of transmittal, from which the following is quoted:

My views with regard to the status of these publications have already been made known to you in several other memoranda. In reply you directed that the two cases should take their course in the class to which they belong. That accords with my own view as to what is best to be done. As a part of his procedure, the postmaster has caused inquiries to be made by other postmasters, to ascertain whether or not persons to whom copies of the publications have been mailed are subscribers in fact. This is the only instance of record where a postmaster has taken such action. A copy of the postmaster's form of inquiry is attached. I do not consider it best for me to take any action on this letter from the postmaster until you have seen it and determined what, under the unusual circumstances, should be done. Please direct me.

General Madden at the congressional inquiry comments on this circumstance as follows:

The movement against the publishing company on October 11 was by the same inspectors who conducted the investigation in March previous. They were acting, or purporting to act, on behalf of the postmaster at St. Louis. They were gathering information upon which he should now base his report to the third assistant. If the report, later to be placed in evidence, be true, the St. Louis postmaster's letter of November 11 was not written by him or by any one of his subordinates, but by one of the postoffice inspectors, the special representatives of the postmaster-general. This bringing the postmaster into the case at this stage of the proceeding gave the matter some

appearance of being handled along the "usual lines." The local postmaster could address the third assistant direct.

The postmaster-general had not responded to the October 14 letter from the third assistant. Neither did he respond to the latter's communication of November 23, transmitting the St. Louis postmaster's letter of November 11. The sending of these communications to him was in accord with the third assistant's purpose to wash his hands of the whole matter unless the postmaster-general should come out in the open with definite instructions which would disclose his purpose. Many communications from the local postmaster and the public were now coming into the Department. They were addressed to the third assistant. Having repudiated the whole matter, he took no other action than to promptly transmit each to the postmaster-general, with a letter of transmittal, as in the case of the St. Louis postmaster's letter of November 11. The postmaster-general replied to none. Neither did he mention the subject verbally to the third assistant. When the two were together, his attitude and manner forbade a discussion of the subject. His silence continued from October 14, 1905, until March 22, 1906, a period of five months. In the meantime, the third assistant was kept in the dark as to the field movements the postmaster-general was directing.

The effect of the interview in the postmaster's office, on November 11, was to apprise Lewis, for the first time, of the nature of the charges then under investigation. The conference broke up in disorder. Lewis interrupted the proceedings by vigorously denouncing the postal authorities for the methods they were employing. He agreed, however, to ascertain the exact facts and furnish in writing the information desired by the Triumvirate. The inspectors submitted to him a list of some half dozen questions, designed to bring out the state of facts charged by Parshall. They also presented lists of names and addresses taken from wrappers of the alleged irregular mailings, and demanded that Lewis furnish the original orders to correspond. In his reply to their questions Lewis alleged that the excess sample copies had been charged to a defense fund sent in by his subscribers. He further averred that it would not be possible to produce the particular original orders asked for without going over subscription orders on file, amounting to over a million.

THE GRAND JURY PROCEEDINGS.

The inspectors now believed they were ready to prove their case. They accordingly caused subpoenas to issue for witnesses to appear before the grand jury. The informer, Parshall, and certain employees of the Lewis Publishing Company presumed to be able to corroborate his statement, were summoned. The case of the inspectors had been made up chiefly on the mailings of the *Woman's Farm Journal*, as the proportion of alleged irregular mailings was much larger on that publication than on the *Woman's Magazine*. In reporting to Vickery the evidence secured against the *Farm Journal*, Fulton stated that when the witnesses were called before the grand jury he proposed to further develop the case of the *Woman's Magazine*. The following instance will indicate how the inspectors, under cover of the grand jury proceedings, procured

evidence from witnesses under duress and in fear of criminal process against themselves.

EILERMANN'S AFFIDAVIT.

A lengthy affidavit was procured under such circumstances from George Eilermann, chief truck driver of the Lewis Publishing Company. This closes with a paragraph of some three hundred words placed in the mouth of the witness, which shows internal evidence of being summarized by the inspectors from the answers of the witness to various inquiries. Eilermann immediately reported to Lewis that his statements had been forced from him under duress. He afterwards appeared as a witness before the Ashbrook Committee, and testified in substance as follows:

My name is George J. Eilermann. I live at 16 Harvard Avenue, University City. I am shipping clerk to the Regents' Publishing and Mercantile Corporation.

I have been connected with the Lewis Publishing Company in the past; with the Woman's Magazine, Woman's Farm Journal and Woman's National Daily. I have been with the Lewis Publishing Company since it started, eight or nine years. In the year 1905, I think, I was out at the plant—at the Lewis Publishing Company. A man came in and gave me a subpoena. He said I had to go down that afternoon and appear before the grand jury.

I went up to see Mr. Lewis. I says: "Mr. Lewis, I am subpoenaed, I am. Here is a subpoena for the grand jury." Well, Mr. Lewis just kind o' smiled. He says, "Well, George, the only thing for you to do is to go down there and tell the truth. Tell everything you know. Don't try to keep anything back." I remember that distinctly. So I went down before the grand jury. I stayed there all the afternoon, I think it was, and the next morning I went before the grand jury and testified. When I stepped out of the grand jury room into the ante-room where the people sit and wait for their turn to be called, a man came to me—I don't know who he was—a big, tall man. He says, "We want you downstairs." Well, when I got downstairs—I think it was on the second floor—they went down on an elevator to get there—there were several men in the office. There was a man sitting at the desk, and this fellow says: "Here, you want to use this man?" He says, "Yes, sir." And so then they led me through some offices—I don't know if it was one or two—into a back room. They then put a lot of questions to me.

Their names were Mr. Fulton and Mr. Stice. If I ain't mistaken, the other one was Mr. Reid, but I am not certain of Mr. Reid. I am certain of Mr. Stice and Mr. Fulton. They put a lot of questions to me and I answered them the best I could about a lot of figures on these wrappers. Well, I couldn't tell exactly. I had no figures. I had to answer them the best I could. Then they said to me, they says, "Don't you know that you was doing something wrong—defrauding the Government,—and that you could go to the penitentiary?"

I am not certain who said that. I am almost certain it was Mr. Stice. But it was either one of these two, Mr. Fulton or Mr. Stice. We kept talking and talking and of course I answered as best I could. Then I got scared, you know, I got worked up. Because, the day before, one of our clerks was there from out at the building, and I didn't know this man who was going in and out of the grand jury room; and I says, "Who is that man?" He says, "That is the assistant prosecuting attorney." That was Mr. Fulton. So I knew who he was, prosecuting attorney's assistant. So when they put a lot of questions to me, I answered just as truthful as I could—best I knew how, I thought I was under compulsion to answer.

Because I was scared after they told me I had done something,—defrauding the Government. I was willing to do anything. When I was not clear and tried to explain, they says, "Now, Mr. Eilermann, if you don't tell us, and then some one comes in here and tells us, it's going hard on you."

To the best of my memory, I was there from half past eleven to half past two. It was 11:30 when I got through with the grand jury and 2:30 when they got through, because the grand jury have lunch at 12:30 until 2:00; and when I came out the jury had been to lunch and come back again, and during that time the inspectors were asking different questions and getting answers.

They didn't take all down. Oftentimes I was worked up and couldn't get the answer right and they would go to work just as if they knew all about the whole affair and would refresh my memory on a whole lot of stuff. They got me to make answer and say what they wanted me to say. There were times I would make an answer seem to be more like it was in Mr. Lewis' favor. Then they would say, "Well, we don't want to hear about that. That's all right."

I didn't know if I was dismissed from the grand jury or not. I thought they might call me again. They made the remark that I would have to come back there in the evening. So I went to the room and stayed back there. I didn't have no lunch and in the evening I went and had to wait about an hour. All this time, you know, I thought I was a goner. (Laughter.) So I asked one, I says, "If I ain't going to get away from here tonight—I am a married man—I would like to telephone home." Well, after they had got through the papers, they asked me to read them over. But I couldn't get my mind on what I was reading. I didn't telephone my wife. They said, "No, you will be through here in a short time," and I signed up. I don't know how many papers there was—I signed 'em all up. (Laughter.) I don't remember how many, only one thing, I says: "Now, I'm not sure of this." They says: "Well, it will be all right." I don't know that I would have signed anything they asked me. I know I signed a stack. I haven't seen any of them since. I know I couldn't wait until I seen those indictments to see whether my name was on them. I thought I was going to be indicted. You bet! I didn't sleep that night, either. I didn't know I had been doing any wrong. I told them, I says, "I do just what I am told to do." When I went in first I went through some offices. I don't know if one or two—they took me into a little back room and an office, about a third as big as this place here. I thought I seen bars. I seen some bars, before I went in, on the doors. (Laughter.) and I thought sure I was gone. I was there from half past six to seven o'clock, something like that. Not all the time in the little room, but I didn't leave the building. I felt I was practically under restraint. They didn't actually tell me that. I felt all right in the grand jury room until they told me I was up against it. In the grand jury room it was different, you know. Of course, it's supposed to be secret. You felt more at home, the same as here, as if you were getting a square deal.

MILLER INTERROGATED.

That the fears of Eilermann were not unfounded was shown by the experience of William E. Miller, secretary of the Lewis Publishing Company. After examining Eilermann the inspectors also interrogated two young women who had been formerly employed in the subscription department of the Lewis Publishing Company. The purport of their testimony was to confirm the charges of Parrshall that the circulation of both magazines was being padded with an excess number of sample copies. They averred, however, most positively that no secrecy was observed as to these mailings. The facts, they said, were well known to the employees. There was no

understanding that these practices were in any way unlawful. One of these young women testified that shortly before the October mailings of the Farm Journal a change had been ordered in the style of the wrappers. The effect of this was to destroy the value of the key furnished by Parshall to the inspectors and make it impossible for the latter to distinguish alleged irregular mailings. On this head the witness said: "Just before I left, Mr. Miller came running up and told me to make that change."

Accordingly, the day following, Miller, who directed the October mailings of the Woman's Farm Journal, was called to the inspectors' office and questioned. Miller testified that approximately one hundred and fifty thousand copies of the Farm Journal had been sent out as samples, but not so marked. These were charged to the defense fund. He said no such system had been used that month in mailing the Woman's Magazine. As to the charges of Parshall, Miller made the following statement:

MR. MILLER: I will say that Mr. Lewis and I had a conference regarding the statements made by Mr. Parshall, who had been dismissed from the position of routing and handling the wrappers prior to mailing. His statements were to the effect that he had fixed the subscription list in such shape that it could easily be detected by the postoffice officials. On account of those statements and the arrangements made by Mr. Parshall, changes were made in the wrappers in mailing the Woman's Farm Journal. * * *

MR. STICE: In other words, if Mr. Parshall had fixed anything so that the Postoffice Department could make its investigation, you made this change so that we (the inspectors) could not prove the truthfulness of what Mr. Parshall had fixed?

MR. MILLER: Yes, that is the substance of it.

In the course of this investigation the inspectors employed the following thinly veiled threat, with the obvious purpose of intimidating the witness:

MR. STICE: Is it not a fact, Mr. Miller, that in the idea of devotion to the interests of your employer, you lost sight of the legality or illegality of some of your actions, and took steps out there to assist in preventing the postoffice officials getting at the correct subscription list?

MR. MILLER: I took no steps on my own responsibility.

MR. STICE: Did you do that in the sense that you were acting for the company.

MR. MILLER: Now, Mr. Stice, any concern that I work for I feel that my best efforts must be given them. If not, I should go out of their employ.

MR. STICE: There is just a question of whether you have not gone beyond the limit of legality and gotten over into the field of illegality when, in an attempt to give your employers your best efforts, you have gone further and assisted them in evading the law.

MR. MILLER: I am not conscious of having done any such thing.

After the examination of Miller had been completed, he was released by the inspectors, but requested to return after the stenographer had reduced his deposition to writing, for the purpose of attaching his signature. In the interval he consulted counsel and was advised that the inspectors were without authority of law to compel testimony, and that he would be subject to no penalty if he refused to subscribe to the statement. He therefore refused to sign.

Two days later his name was included with those of Lewis and Cabot in the first indictment found against Lewis and his associates, charging that as officers of the Lewis Publishing Company they "did unlawfully and feloniously conspire, combine, confederate and agree together to defraud the United States out of large sums of money," the exact amounts of which were to the grand jurors unknown.

THE FIRST INDICTMENTS.

The offense alleged was that the "conspirators falsely and fraudulently represented that the number of actual subscribers" to the Woman's Magazine and Farm Journal were largely in excess of the actual and bona fide subscribers, and that they "did thereby fraudulently secure to be transmitted through the United States mails a large number of said publications in excess of the number to which they were entitled at the rate of one cent per pound." All of this was alleged to be "contrary to the form of the statute in such case made and provided, and against the peace and dignity of the United States." The indictment was signed by David P. Dyer, United States attorney.

This indictment, coming as an entire surprise, was naturally a severe shock to Lewis and his associates. Taken in conjunction with the publication of the inspectors' report in the Post-Dispatch, the activities of the inspectors directed against the exchange of stock and their threat of a fraud order against the Missouri-Lincoln Trust Company, the proceedings culminating in this indictment were most ominous. In the light of all this Lewis became convinced that there was an intention on the part of somebody "higher up" to crush him utterly. He had no means of knowing what was taking place behind the scenes at Washington. The fact that Madden had washed his hands of the whole affair and that Cortelyou had given Vickery and Fulton free reign to handle the matter as they saw fit, was not disclosed to him until long afterwards. He could not understand the utter silence of the third assistant's office, nor could he understand why he should be indicted for practices condoned by the Department upon the part of his competitors. The whole affair seemed shrouded in impenetrable mystery.

The outcome of this indictment will be discussed with that of other civil and criminal proceedings of the Government against Lewis. It was based upon the decision of the St. Louis postmaster limiting the legitimate list of subscribers of Lewis' two publications to the number of paid-in-advance subscriptions determined by the inspectors' count in October, plus an equal number of sample copies. The effect of this ruling was to reduce arbitrarily Lewis' mailings to about one million copies of the Woman's Magazine and three hundred thousand copies of the Farm Journal. All mailings in excess of these figures were deemed illegitimate and were, in effect, so charged in the indictment. This action was taken solely upon the advice of Inspector-in-Charge Fulton, under the general au-

thority conveyed to him by Vickery to "take such steps as he deemed proper." It had, however, the tacit, if not the explicit, sanction of the postmaster-general, who, in the words of Vickery, had been "fully advised."

All this was done without any reference of the case to the bureau of the third assistant, the officer having lawful jurisdiction over the administration of the second-class law. It was, in view of the Bromwell-Weinschenk agreement, not only a gross violation of the morals and ethics of the administration of the second-class law. It was also contrary to the avowed policy of the third assistant to suspend all action against the mail order journals until the new rules were published. It was a transgression of the uniform custom of the Department to first warn offenders against the postal laws and regulations, and thus afford them ample opportunity to amend their practices before destroying their property rights by drastic measures. Furthermore, as the sequel will show, this indictment was, in effect, fraudulent and spurious, because it was not based upon any criminal statute of the United States.

On the same day, December 1, another indictment was handed down, upon information laid before the grand jury by the inspectors. This charged Lewis with using the United States mails in furtherance of a scheme to defraud in the promotion of the People's Bank. Both of these indictments were found four or five days before the date on which Congress was to convene. In the light of after events there can be little doubt that the purpose for which they were procured by the inspectors was rather to forestall the congressional inquiry demanded by Lewis in his publications, than for any purpose proper to a just administration of the law. One of these indictments, as we shall see, was never brought to trial. The other resulted in Lewis' acquittal in the Federal court.

ATTITUDE OF FULTON.

On December 18, after Congress had been in session long enough for the full force of the complaints of Lewis' friends to be felt by congressmen, Fulton made a complete report to Vickery of the evidence upon which these indictments were procured. He shows clearly enough that there was some padding of Lewis' circulation lists, but draws from the facts a whole series of erroneous conclusions. He admits that Miller was indicted because of his refusal to sign the transcript of his testimony before the inspectors. He arrives at the following conclusion and recommendation:

Lewis in this case is shown as the principal in another scheme to defraud and this one, aimed at and successfully operated against the Government of the United States to the amount of seventy-five thousand to one hundred thousand dollars per annum. * * * This fraud has covered twenty months at least, and has affected advertisers to whom Lewis has misrepresented the circulation, as well as to the Government. As a result, the *Woman's Magazine* and *Farm Journal* are being conducted primarily for advertising purposes, and are no longer entitled to second-class privileges.

The concluding paragraphs of this report should be studied carefully for their bearing upon the question of legislation to curb the petty administrative officers of Government and forestall the abuse of administrative power. The theory of the inspectors is that the postoffice inspector is the personal representative of the postmaster-general, clothed practically with equal authority. As such the humblest and most ignorant inspector claims, in effect, authority over all postmasters and even the highest departmental authorities at Washington. He may make recommendations affecting any branch of the postal service in its internal relations, or in its relation to any citizen. If approved by his superiors and sanctioned by the postmaster-general, his recommendations may become the acts of the Administration. They are then supported by the power and authority of the President himself. A postoffice inspector may thus (if he can command the confidence of the chief postoffice inspector and postmaster-general) wield against any citizen a power superior to that of any European monarch. No judicial or administrative officer bars the way. All that is essential is a personal relation of confidence between the individual inspector, the inspector-in-chief and the postmaster-general. When this exists, the inspectors' recommendations may be approved in spite of any individual's rights or any protest or evidence. The conclusions of Fulton were, in fact, thus accepted by Vickery and approved by Cortelyou, notwithstanding Fulton was ignorant of the postal law and precedents involved, and notwithstanding his conclusions were afterwards repudiated by the courts. Confident in the power of the inspectors' service, and with full assurance of the backing of the postmaster-general, Fulton here deliberately arrayed his personal construction of the postal law against that of the third assistant. He constituted himself judge and jury, tried and condemned Lewis, and assessed the punishment. He determined what the policy of the Administration in the premises ought to be. All this he did with the calm assurance of the Czar of all the Russias. The following paragraphs, then, in view of the facts elsewhere presented in this volume, are assuredly worthy of grave consideration:

What recommendation should be made in view of the delicate situation created by non-action on our adverse recommendation of last May, is a complex problem. *At the proper time and in the proper manner the inspectors' recommendation should be made effective and Lewis' publications should be denied second-class privileges, and Lewis sued for the amount of the fraud perpetrated. There is no other consistent course from the standpoint of an inspector, and I cannot see any other course from the standpoint of our Department.* The local officers of the Department of Justice have given, and are giving, earnest and loyal co-operation. This being the case, the United States attorney, the court, and the people, will logically reason that an offense which is considered by the officers of the Department of Justice of such a serious nature and extent as to warrant indictment and prosecution, looking toward a denial of the personal liberty of the individual, should be met by the Postoffice Department, against which the fraud was committed, with at least an immediate civil action involving

We feel that our success is your success and that justice sanctions
of your shield will become matricially to our benefit and we pledge you
our moral support.

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J. H. Gould
J. S. Gardner
E. J. Conner
Chas. Thompson
R. L. Smith

4th March
K. to Stevens
his wife
and
a little child
John F. Gannon

Mrs. J. H. Evans
 1212 1/2 St. N. W.
 Wash. D. C.
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Sav. Rpt
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E. Schmitt
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J. C. Pilling
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J. C. Pilling

C. J. Putnam
Second Roman Road
Michael Deane
John Talbot

Paul S. Cohen
 Chas. F. Jones
 Dring. Fairbank
 Robert S. Hayler
 R. A. Johnson
 Alvin B. Clark
 W. B. Anderson
 Chas. J. Hoff
 F. N. Taylor
 Gustav Peterson
 George
 A. H. Ackerman
 N. E. Ellering
 O. F. Erickson
 W. G. Smith
 Thos. B. Boyer
 Fredrickson
 Simon K. Weiskopf
 B. F. Matthews
 Michael E. G.
 Isaac L. Caldwell
 Ephraim
 Henry Kline
 J. S. Nathan

L. J. Smith
 Wm. H. Smith
 Henry Smith
 Geo. L. Smith
 John Smith
 Thomas H. Smith
 Wm. H. Smith
 L. J. Smith

James P Green
P. H. Brooks
Frank Edwards
Mrs. E. C. Jones
John Smith
James P. Green
Wm. P. Green
Chas. L. Williams

J. H. Murphy
 Wm Smith
 Geo Ward
 Eugene Smith
 Wm. Williams
 C. Ward Ward
 George E. Woods

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 2. J. Long
 3. J. L. Leland
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 100. J. L. Leland

Pross, Wm. on
Fred. Pappe's account of
Hunts & Koch
W. H. H. H. H.

[illegible]

Franklin Dyer
J. L. & J. M. Dyer
L. P. Rusk
A. H. Brown
G. S. Lewis
P. W. Powers

James E. Blair
C. H. Evans
L. G. Allen
W. T. Randall
G. G. Grossmann

John H. Kane
J. H. Kane
Oberlin Smith
Ed T. Todd
H. Blair
A. D. Hook
C. H. Hook
C. H. Hook

John W. Jacoby
C. H. Chapman
P. H. Chapman

W. L. Myers

Testimonial to Lewis, May 14, 1908, presented by his neighbors, the leading citizens of St. Louis County, on the occasion of his vindication by Judge Riner

on the occasion of the presentation to him of a bronze statue by Clara A. Publications at the First Convention of The American Helianthus League held at University City, Missouri,

How men so enticed - no man who has sex and heard what you have during these past few days - can fail to realize how heavy is the weight of responsibility resting upon his shoulders. He who knows you well knows you will be true to your trust, and will never yet more vacillate and cowardly in the prosecution of your great fight to the end that these noble, trusting women shall never be disappointed either with you.

And now, in conclusion, and in order that there may exist between you and ourselves a more material expression of the sentiments which we have uttered, we have much pleasure, at presenting to you, a slight token of our regard commensurate of our participation in this First Convention of The American Woman's League.

[illegible]

Testimonial presented to Lewis by "Class A" Publishers at the first Convention of the American Woman's League, June, 1910

merely a revocation of a property privilege and thereby discontinuing further frauds and opportunity to perpetrate them.

Lewis has forfeited every title to any privilege he may have enjoyed in the way of second-class privileges. He is the most daring, determined and resourceful promoter of frauds known to this section and has defied the statutes, the courts, the Postoffice Department, and State officials for years, first by inducing prominent officials to participate in his promotions, and now by severely arraigning, in his publications, all officers who do not close their eyes on "duty half done!" He is no respecter of victims. They are found not only in the people (unsophisticated women as well as men), but also in the Government itself, which has suffered great fraud on its already much depleted revenues.

The representatives of the Government, contemplating all the activities of Fulton in this case, must be irresistibly reminded of the words of Holy Writ:

"The zeal of thine house hath eaten me up, and the reproaches of him that reproacheth thee are fallen upon me."

The indictment of the officers of the Lewis Publishing Company for alleged conspiracy to defraud the Government filled their associates upon the board of directors with alarm. The limitations imposed by the postmaster, restricting the company's mailings to its actual current paid-in-advance subscriptions shown by the inspectors' count as of October, 1905, if enforced against the Lewis Publishing Company and not against its competitors, would ruin the concern and drive it out of business. The indictment charged the mailing of additional copies at the pound rate to be a criminal offense.

THE THIRD ATTACK.

Then came on April 1, 1905, the third campaign of the St. Louis Triumvirate. This took the form of a demand for the prepayment of postage upon all copies presented for mailing, above the limitations arbitrarily fixed by the postmaster, at the so-called transient second-class rate, which is, in fact, the third-class rate of four cents a pound. This was an advance of 400 per cent upon the company's expense for postage in that part of its mailings, compared with the rate assessed upon competing publications. The directors of the Lewis Publishing Company found themselves confronted with this onslaught at the very moment when, the increase of the capital stock having gone into effect, they had assumed the task of carrying the investment of the People's United States Bank and earning dividends upon a largely increased capitalization.

The company had been successful in preventing the interference of the inspectors with the exchange of stock, by securing an injunction in the State courts against the Missouri-Lincoln Trust Company. It had defeated the attempted interference of the attorney-general of Missouri. It had undergone the hazard of having the stock certificates themselves held up at the St. Louis postoffice (notwithstanding they were mailed under seal and prepaid as first-class letter mail) until the Department was advised that they were being sent out and given a last chance to interfere. The exchange had been finally consummated as planned. The company was now

confronted by a fresh attack, in the criminal proceedings for alleged conspiracy and in the restriction of its mailings, which, if successful, would defeat the object of the exchange of stock by making the preferred stock of the Lewis Publishing Company worthless.

The attack was a desperate one. The indictment of Lewis was calculated to have the effect of weakening the confidence of his supporters. A new weapon was placed in the hands of the press and the competitors of the Lewis Publishing Company. Fortunately for Lewis, the confidence of his supporters was strengthened, rather than weakened, by this fresh outrage, as they deemed it. They rallied unhesitatingly to his support. The investors in the bank who had exchanged their securities for those of the publishing company, already incensed by the fraud order and irritated by the attempt to hold up the delivery of their stock certificates, were angered by these renewed and vicious attacks, which, if successful, would once more wipe out the basis of their investment.

Congress convened on December 6, a few days after the indictments were found, and was promptly memorialized by Lewis' friends and followers from every quarter of the Union. We must now, therefore, take up the defense of the Lewis Publishing Company against the St. Louis Triumvirate during the winter of 1905 and 1906. This resulted in an appeal being taken to the Department at Washington from the decision of the postmaster at St. Louis regarding the company's alleged excess mailings. By this, the third assistant postmaster-general was again brought into the case. This recital will involve, not only the indictments for conspiracy, but also the extortion of excess postage by the postmaster at St. Louis and the bringing of civil suits to collect back postage covering a period of many months. The story of the company's defense will include a description of the count of its subscriptions by a Citizens' Committee and by the American Advertisers' Association; the dismissal of the indictments on demurrer; the counter suit against the post-office officials; and the final appeal to the Department through the standing committee of Congress on Postoffices and Post Roads. These developments will be the subject of the following chapter.

CHAPTER XXIV.

THE DEFENSE OF THE WOMAN'S MAGAZINE.

THE ALLEGED CITIZENS' COMMITTEE—REPORT OF THE CITIZENS' COMMITTEE—THE POSTAL LAWS ARE SILENT—A REASONABLE TIME FOR EXPIRATIONS—WHAT THE ATTORNEYS WILL NEED—THE "DOCTORED" RULING—THE THIRD CAMPAIGN OF THE TRIUMVIRATE—WYMAN IS REBUKED—THE ONLY UNCHANGEABLE SUBSCRIPTION LIST IN HISTORY—THE SECOND HEARING BEFORE MADDEN—AN INTERVIEW WITH CORTELYOU.

The Publishing Company, on December 28, 1905, organized an alleged citizens' committee, of which L. B. Tebbetts was made chairman; George H. Augustine, secretary; and the following citizens members: L. D. Kingsland, John B. O'Meara, I. H. Sawyer, William Bagnell, Joseph W. Jamison, George T. Coxhead, Nathan Frank and Jackson Johnson. A resolution of the board of directors of the Publishing Company, under which this committee acted, was: "To make a very thorough and exhaustive investigation and examination of the subscription lists of the Woman's Magazine and the Woman's Farm Journal, in order to determine, beyond any possibility of controversy, the exact number of bona fide subscriptions to these two publications." As to the personnel of this committee, Mr. Tebbetts is a member of the board of directors and one of the principal holders of common stock in Lewis' University Heights Realty and Development Company, and a stockholder in his United States Fibre Stopper Company. Mr. Augustine and Mr. Bagnell are stockholders in the Lewis Publishing Company. The others are friends and sympathizers. This would indicate that in the organization of this committee and selection of its members, the interests of the publishing company were not forgotten. * * * This alleged citizens' committee count, so far as being an authority which can be accepted by the Postoffice Department on which to base a conclusion, is worthless.

THE "ALLEGED CITIZENS' COMMITTEE."

Such is the comment of the inspectors on the first move made by Lewis in the defense of the Woman's Magazine and Farm Journal. One of the citizens mentioned by the inspectors as a member of this "alleged citizens' committee" was former Congressman Nathan Frank, publisher of the St. Louis Star, and prominent in national as well as in local political and financial circles. While Mr. Frank was a witness before the Ashbrook Committee, his attention was drawn to the above phrases from the inspectors' report. The following colloquy ensued:

MR. REDFIELD: The postoffice inspectors, Mr. Frank, over their own signatures, four of them, say that the citizens' committee, of which you are a member, was an "alleged committee." Is that a truthful statement?

MR. FRANK: No. I took the postmaster, Mr. Wyman, to task for that statement. I heard, or saw somewhere in the public print, that he had referred to us as an "alleged citizens' committee." I went to him and asked

him what he meant by that. He apologized most profusely for the interpretation that I put upon the word "alleged." He said he didn't mean that this was an "alleged committee." He intended the word "alleged" to mean something entirely foreign to anything I could comprehend. He tried to make a distinction, and apologized for the use of the word as interpreted by me.

MR. REDFIELD: Then I call your attention to the fact that the same inspectors, Stice, Sullivan, Reid and Sullivan, in their report, said, "The result of the count made by this committee cannot, as they state, be accepted as absolutely trustworthy. They may have counted the number of lists and names which they state"—I call your attention to the word "may"—but the objection is as to what they counted. * * * The "alleged citizens' committee count, so far as being an authority which can be accepted by the Postoffice Department on which to base a conclusion, is worthless."

MR. FRANK: As far as these other statements are concerned, I never saw them before, but I now recollect that we refused to make that count and examination in Mr. Lewis' premises. We engaged rooms downtown at the building of the Commonwealth Trust Company, at the corner of Broadway and Olive street—a whole floor, if I recollect it—in which all those papers were brought. I knew nothing about Mr. Lewis at the time. I had just heard about him. I remember going there frequently to this room, which was under lock and key of the head of the examiners, Mr. Walter B. Stevens. That examination was made in the most careful way.

MR. AUSTIN: You do not want the committee to understand that your committee's report is more thorough and more reliable than the investigation of the postoffice inspectors? You do not know about that, do you?

MR. FRANK: No, sir; I do not know.

MR. MADDEN: But you do want the committee to understand that you had the facts?

MR. FRANK: Yes; I have stated repeatedly that we made the most careful investigation, the most careful that was possible. That means that we stuck to it. We employed expert accountants. We checked up the cash against the subscriptions.

MR. MADDEN: I ask you this question as a lawyer: Isn't the best evidence on earth of a subscription, the original order signed by the party himself?

MR. FRANK: Undoubtedly.

MR. LEWIS: Will you kindly state to the committee what else you remember in regard to the circumstances.

MR. FRANK: My recollection is that it was desired to have the business men's committee investigate the circulation of your publications. We met first at the Magazine Building. We submitted the proposition that if you would put up the amount of money necessary to make an accurate, careful investigation and canvass, we would undertake it. We agreed, if you would deposit the necessary funds in a certain trust company, we would employ professional newspaper men and canvassers to do the work. I am sure you did so, for we went ahead and employed several superintendents and clerks to make the count. I know we were frequently called together during the time occupied in making the canvass.

Former Governor David R. Francis, in a speech made on the occasion of the dedication of the Woman's National Daily building, in November, 1909, referred to Lewis' defense against the St. Louis Triumvirate, in part, in the following language:

But other charges were made. I do not propose to criticise the action of the Federal Government, but I do want to say this (and I speak whereof I know), that when the charges were made that the Woman's Magazine had made claims concerning circulation which were not justified by the facts, Mr. Lewis very promptly said: "I wish a thorough and impartial investigation made." I know that a commission of high-minded citizens, of



Democratic members of the Committee on Expenditures in the Post Office Department of the House of Representatives. This committee during 1911-1912 conducted hearings on the complaint of the Lewis Publishing Company under House Resolution Number 109 of the Sixty-second Congress to investigate the Post Office Department.
Joshua W. Alexander of Missouri, Chairman
Walter I. McCoy of New Jersey
William C. Redfield of New York
William A. Ashbrook of Ohio,



Copyright, Harris & Ewing



Copyright, Harris & Ewing



Copyright, G. V. Buck

Republican members of the Committee on Expenditures in the Post Office Department, House of Representatives, investigating the complaint of the Lewis Publishing Company
 1Richard W. Austin Tennessee 2Horace M. Towner, Iowa 3C. Bascom Slomp, Virginia

irreproachable standing, was selected and authority given that commission and means provided to make a thorough investigation of the circulation of the Woman's Magazine, and I know that the result, as shown by the report, was that Mr. Lewis was guilty of no violation of the postal laws in the claims he had made.

REPORT OF THE CITIZENS' COMMITTEE.

The Citizens' Committee above referred to was organized in December, 1905, on invitation of James F. Coyle, chairman of the executive committee of the Lewis Publishing Company. Its final report was rendered on February 12, 1906. After outlining the organization of the committee, this report proceeds:

A sub-committee was appointed to consider a plan and recommend it to the general committee. This plan was adopted. Messrs. Walter B. Stevens and Major J. Lowenstein were engaged to organize a suitable force and to superintend the work in detail. It was decided that the examination and count of the subscriptions should take place downtown in St. Louis, in rooms which would be absolutely under the control of the committee; that the original letters and lists of subscriptions for 1904 and 1905 should be taken to those rooms to remain until the count was completed. All this was done. Seven large rooms on the fourth floor of the Mechanics-American National Bank building were rented. The delivery of the original subscription letters and club lists, by the wagon load, was begun January 11. The last consignment was received January 26, 1906. As the letters and lists were delivered by the Lewis Publishing Company, they were placed in one storeroom. As the bundles were examined and counted, they were labeled, stamped and taken to another storeroom. This system provided against the possibility of any subscription being counted more than once. All of the papers remained in the custody of the committee's representatives until February 3, at which date the count had been finished.

The chairman of the committee made daily visits of inspection to the rooms where the count was progressing, and received daily reports. Other members inspected the work. Meetings of the general committee were held while the count was in progress. From their own observation, the members assured themselves that the count was being made intelligently, thoroughly and conscientiously. Precautions were taken to avoid duplicates in count between originals and renewals. On February 12, the committee received from its representatives a report giving the results of the count of the Woman's Magazine subscriptions, certified and sworn to as follows:

If the "reasonable time" for carrying these subscriptions which have expired should be considered one year, then the bona fide subscriptions of the Woman's Magazine as of date December 31, 1905, were 1,182,928. If the "reasonable time" is taken as six months, the bona fide subscriptions of the Woman's Magazine as of date December 31, 1905, are 929,179, made up as follows:

By actual subscriptions paid in advance during 1905.....	597,465
By subscriptions for more than one year received in 1904 and alive December 31, 1905	13,243
By subscriptions which expired between July 1, 1905, and Decem- ber 31, 1905, carried in expectation of renewal.....	318,471
Total.....	929,179

Certain exhibits, which speak for themselves of the exhaustive character of the investigation, accompany and are made a part of this report. In the unqualified opinion of the committee, the results of the count may be accepted as absolutely trustworthy.

The above report was signed by the full committee.*

The exhibit sheets accompanying this report were tabulations showing the number of subscriptions as ascertained by the actual count of the original orders by months, together with a summary for each year. Fac-simile reproductions of these summaries are shown elsewhere in this volume. These sheets were signed by the supervisors and attested before a notary. The supervisors employed an expert, formerly chief accountant in the office of the auditor of the Louisiana Purchase Exposition Company. His certification appears upon each tabulated summary. The detailed report of Messrs. Stevens and Lowenstein, who were in immediate charge, was of such a character as to give absolute assurance of thoroughness and accuracy. The count covered not only the number of subscriptions, but touched upon the various controversial points at issue.

A REASONABLE TIME FOR EXPIRATIONS.

On the subject of expirations, the supervisors were guided by the newly published rules of the Department, in pursuance of the agreement with Messrs. Bromwell and Weinschenk, as the following excerpt from their report to the committee will show:

The conceded right of a publisher to carry subscribers who have not paid in advance, and to treat them as bona fide subscribers is defined in a letter of instructions, "To All Postmasters," (Circular XXV) dated December 16, 1905, and signed by Third Assistant Postmaster-General Maden, as follows: "Expired subscriptions may be carried, when necessary, for a sufficient time to enable the publisher to ascertain whether it is the intention to renew. After the expiration of such reasonable time, they will not longer be recognized as actual subscriptions, and in all cases the ratio of the expired subscriptions to the whole list, irrespective of the time carried, will be considered and given weight in determining the legitimacy of lists of subscribers and the primary design of the publication."

The conclusions of the supervisors on this vital subject were thus stated:

How long the Lewis Publishing Company should be allowed to carry subscriptions, after the time paid in advance has expired, as "bona fide," is a matter of interpretation of what is "reasonable time," upon which "the ratio of expired subscriptions to the whole list" has bearing. The live cash subscriptions of the Woman's Magazine, on December 31, 1905, were 610,708. The expired subscriptions which were on the mailing list numbered 572,220. Of these, 318,471 expired between July 1, 1905, and January 1, 1906. "Reasonable time," beyond the possibility of controversy, it may be safely asserted in the case of monthlies of large circulations and small subscription rates, like the Woman's Magazine, is at least six months. This interpretation permits the 318,471 subscriptions expiring between July 1, 1905, and

The signatures were as follows:

*L. B. TEBBETTS, chairman, vice-president Commonwealth Trust Company, and director National Bank of Commerce; GEORGE H. AUGUSTINE, secretary, vice-president Carleton Dry Goods Company; L. D. KINGSLAND, president Kingsland M'fg. Company, and president of St. Louis M'frs' Association; JOHN B. O'MEARA, ex-lieutenant-governor of Missouri, president Hill-O'Meara Construction Company; I. H. SAWYER, director Brown Shoe Company; WM. BAGNELL, president Bagnell Lumber Company, director Missouri-Lincoln Trust Company; JOSEPH W. JAMISON, Jamison & Thomas, counsellors-at-law; GEORGE T. COXHEAD, general secretary, Y. M. C. A.; NATHAN FRANK, ex-congressman, St. Louis Star-Chronicle; JACKSON JOHNSON, president Roberts, Johnson & Rand Shoe Company.

January 1, 1906, to be included in the bona fide subscriptions of December 31, 1905. By this allowance the subscriptions of the Woman's Magazine, once paid in advance and continued after the expiration for renewal, formed about one-third of the entire list.

Many publishers of weekly and monthly periodicals consider the entire current year "reasonable time" for carrying subscriptions not paid in advance. If the "reasonable time" for carrying these subscriptions which have expired should be considered one year, then the bona fide subscriptions of the Woman's Magazine, as of date December 31, 1905, were 1,182,928.

The committee adopted the conclusion that a reasonable time would be six months, and determined the bona fide subscriptions of the Woman's Magazine, on this basis, to be 929,179.*

It should be borne in mind that immediately after Lewis was notified by the inspectors and the postmaster that the mailing of excess samples to fill the gaps in his subscriptions caused by the prompt discontinuance of all expired subscriptions, was not permissible, he took advantage of his privilege to continue expirations for a longer period. The practice thus adopted and continued up to the withdrawal of the second-class entry from both publications, more than a year later, was commented upon by the supervisors' report to the Citizens' Committee, as follows:

The practice of the Lewis Publishing Company, as stated by the officers, is to go over the subscription lists quarterly, for the purpose of notifying expirations. The first notice on an expired subscription may not go out until the subscription is three months past due. After that it is customary to carry the subscriber, thus notified, for several issues, to give time for renewal. Every three months, it is stated, those who have not renewed within the six or nine months' grace are stricken from the mailing list. During the year 1905, the single subscriptions to The Woman's Magazine, new and old, number 335,264. These subscribers either wrote letters or filled out blanks, enclosing the money or stamps for their subscriptions. The correspondence was voluminous. It bore evidence to the interest taken in the Woman's Magazine by a very large number of intelligent reading people. * * * It showed a distribution covering every state and territory and extending to postoffices of every class. It revealed a definite and sincere appreciation of the publication by the readers. All these facts are to be weighed in the consideration of what constitutes "reasonable time" for carrying expired subscriptions.

No fair-minded person, it may be safely assumed, could examine the correspondence between the Lewis Publishing Company and the Citizens' Committee, its original reports and exhibits, investigate the personnel of the committee and the working force actually employed upon the count, and not arrive at the conclusion that its findings are above candid adverse criticism. Space forbids the re-

*Number of cash subscriptions, paid in advance, of the Woman's Magazine, for one year or more than one year, received during the year 1905.....597,465
 Number of cash subscriptions for more than one year, received during the year 1904 and alive December 31, 1905.....13,243
 Number of subscriptions shown by the mailing list, received in the six months prior to January 1, 1905, which expired between July 1, 1905, and December 31, 1905, and which were carried December 31, 1905, in expectation of renewal under postal provisions permitting a "reasonable time" to enable the publisher to ascertain whether it is the intention to renew.....318,471

Total929,179

production here of correspondence preserved in Lewis' private vault. But, could these be made public, they would but confirm the fact that the investigation was both searching and rigid, and that the showing made by the Lewis Publishing Company vindicated it and cleared it of any imputation of fraud. To make assurance double sure, however, Lewis instructed the advertising manager of the two publications to request an examination of their circulation by the Association of American Advertisers. The membership of this representative body then included a list of sixty-eight national advertisers, in charge of probably the largest advertising appropriations in the world. As a result, in the latter part of February and early part of March, Clarence Austin, an expert employed by this association, inspected the books and subscription records of the Lewis Publishing Company. Austin states in his report that, on his arrival at St. Louis, he learned that the Citizens' Committee had just completed its examination. In this connection, he says:

My examination was made in the association's regular way, which included verifying individual subscriptions, verifying, by postage receipts, the total number of copies mailed; verifying, by the amount of white paper purchased and consumed, the total number of copies printed; and verifying in other various ways the publisher's statement as to circulation. In addition, the examiner, by checking up the accounts of various days of actual subscriptions from original letters and coupons, verified the report of the Citizens' Committee.

The net conclusion of this expert allowed the Woman's Magazine a total circulation of one million and five hundred thousand copies, of which approximately a half-million were said to be samples and the balance, exceeding one million copies, regular paid subscriptions. His conclusion as to the Woman's Farm Journal allowed a total circulation in excess of six hundred thousand, of which somewhat more than one-third was samples and approximately two-thirds paid subscriptions. The examiner afterwards verified his statements under oath.

Lewis signalized the receipt of the report of the Citizens' Committee by the publication of a twenty-four-page pamphlet entitled "The Facts of the Attempt to Assassinate the Woman's Magazine and the Report of the Representative Business Men of St. Louis Thereon." This pamphlet opens with a resume entitled "An Attack on the Woman's Magazine." This recites the circumstances with which the reader is now familiar. It sets forth in detail the report of the supervisors to the Business Men's Committee and its report to the Lewis Publishing Company. It includes the names and addresses of all those concerned. Copies of this document were widely circulated among business men in St. Louis, among publishers, advertisers, and others interested in the publishing industry, and among the readers of the Lewis publications.

The date fixed for trial on the indictments was now approaching. The report of the Citizens' Committee, in view of the newly pub-

lished rules of the Department, placed the Triumvirate at St. Louis upon the defensive. Conditions compelled them to rely entirely upon the power and prestige of the Department at Washington. Luckily for them, Lewis' demands for a congressional investigation, through his editorials and the personal letters of himself and his allies to congressmen, hardened the heart of Cortelyou to support the inspectors, "for the good of the service."

THE POSTAL LAWS ARE SILENT.

The postmaster at St. Louis, not receiving a reply to his letter of November 11 to the third assistant, had not ventured another communication on the Lewis case. The St. Louis inspectors had made no further attempt to communicate with the third assistant through the chief inspector's office. Nor had the postmaster-general made reply to any of the numerous letters transmitted to him by the third assistant since October 14, asking for instructions. Madden, in short, had been completely isolated from the case. As third assistant he was, however, the legally constituted officer to consider and pass upon all questions affecting the rights of publications to the second-class rates. All other cases than those of the Lewis Publishing Company were handled by Madden without any reference to, or interference by, the postmaster-general. Ostensibly, the cases of the Woman's Magazine and Woman's Farm Journal had been referred to him by the postmaster-general in July, to be handled "along the usual lines." Actually, they had been taken from his hands.

The pending trial on the indictments created an emergency which seemed to require that the proper official be again brought into the case. The silence, which had concealed from the third assistant what was taking place, was finally broken, on March 15, by two letters written at St. Louis. One purported to be from the postmaster to the third assistant. The other was from Inspector-in-Charge Fulton to the chief inspector. Internal evidence and the testimony of witnesses tend to show that both letters were prepared by Fulton. According to common rumor in St. Louis, no secret was made of the fact that virtually every important letter in the case was prepared by him, even including many letters bearing the signature of the postmaster-general. Fulton is said by General Madden to have been the "brains" of the case. He is alleged to have been hurried to and fro between Washington and St. Louis whenever an important letter was to be written. The result is that the principal documents of the case bear the unmistakable stamp of a single over-active, if not perverse, individuality.

The postmaster's letter of March 15, to the third assistant, after stating that no reply had been received to his request of November 11 for instructions as to the mailings of the Lewis Publishing Company, officially reports, for the first time, that three hundred thousand copies of the Woman's Farm Journal, mailed October

5 to 11, inclusive, were still held up at the St. Louis postoffice. This fact had been promptly reported to the chief inspector. It was known to the postmaster-general, but it had not previously been reported to the third assistant. The postmaster then mentioned the fact and nature of the indictment. His letter closes thus:

It has now become important that I be promptly advised as to what postage should be required on the copies of the publications being held in this office, mailed in excess of the number the publishers were legally entitled to mail at the rate of one cent per pound, assuming, as a basis of your instructions, that the number charged was mailed in excess of legitimate mailings.

The third assistant promptly transmitted this letter to the postmaster-general. From his memorandum the following paragraph is quoted:

Owing to the unusual circumstances and the fact that the case of these publications did not originate with and is not being treated by the third assistant postmaster-general, I referred the letter of November 11 to you with a request for instructions. You issued none. * * * For the same reasons stated in connection with the reference of the first letter, I shall take no action upon this letter of March 15 until I receive instructions from you, but I deem it proper to invite your attention especially to the last paragraph, from which it might be inferred that specific instructions were issued from this office. Such is not the fact. None were issued. The postmaster appears to be acting under instructions in the Postal Laws and Regulations, Section 456*, and such other as may have been issued to him by other officers.

WHAT THE ATTORNEYS WILL NEED.

At the same time the postmaster's letter of March 15 was mailed, Fulton addressed a letter to Vickery, in which affairs as they existed in St. Louis were frankly reviewed. After rehearsing the essential circumstances regarding the finding of the indictment, Fulton continues:

It is necessary in the prosecution of the case to show that the postage on these excess mailings required by the Department to be paid (assuming we prove the mailing in excess of the number to which the publishers are entitled) is one cent per copy, or for each four ounces, when sent to a single address. In the preparation for trial by Inspectors Sullivan, Stice and Reid, involving a careful examination of the postal laws on this point, *it develops that there is an apparent failure to specify the exact course to be pursued by the postmaster in the way of collections of postage on abuses such as the one now in court.** * * * It has apparently been left to paragraph six, Postal Laws and Regulations, section 456 (above quoted) to deal with such cases as the one now in court, * * * and the postmaster is instructed to promptly report the case to the third assistant postmaster-general. *There is absolute silence as to what postage is charge-*

*This section of the Postal Laws and Regulations, referred to by the third assistant, is as follows:

"The mailing by a publisher of sample copies, of a larger number than actually subscribed for, in order to maintain a given circulation, or the continuous carrying of sample copies in excess of one hundred per cent of the number issued to regular subscribers, or of such copies continuously to the same person, will be deemed evidence that the publication is primarily designed for advertising and free circulation (see Sec. 426), and the sample copies should be detained until the fact can be ascertained. The postmaster will promptly report the case to the third assistant postmaster-general."

able on these excess mailings.* The postmaster did report these facts November 11, to the third assistant, but received no reply. * * *

No mention was made by Fulton that an interval of thirty days had elapsed between the impounding and the date on which the postmaster made his report, nor to the further fact that the letter to which he referred did not mention the fact that three hundred thousand copies of the *Woman's Farm Journal* had been held up. After referring to the copies impounded, Fulton's letter proceeds:

What the attorneys will need as evidence through the postmaster, will be the latter's testimony to the effect that the legal rate chargeable on these publications mailed in excess of the number to which the publishers were entitled, is one cent per copy, (or for each four ounces), when sent to a single address. The postal laws being silent on that direct proposition, it is necessary that he be instructed by the proper officer of the Department, either to that effect directly, or to the effect that the same postage is applicable as is required under paragraph five of section 456, postal laws, which refers to abuses of similar character. I have requested the postmaster to, this day, make this inquiry direct to the third assistant postmaster-general. It is desired that you take the matter up with the proper officer, that such instructions may be given the postmaster, as is necessary to enable him to properly act and testify on a matter not made clear by existing regulations.

Fulton does not explain how (the postal laws and regulations being "silent on that direct proposition") Lewis and his associates could be charged with intent to defraud the Government by not offering to pay the difference between the pound rate and some other unascertained rate, as to the basis for computing which the official publication of the Department was "silent." Neither does Fulton indicate how, he and the postmaster being wholly uninstructed by the "proper officer," could assume that a crime had been committed; nor on what theory of the law an indictment was found. Fulton, on the witness stand, admitted that he acted solely upon his own construction of the postal law, but shifted to the district attorney the responsibility for the return of the indictments. The fact is, that Fulton laid before the district attorney the information upon which he acted. He was not only an officer of the Department, but was himself a lawyer. He presumably was familiar with the postal laws. He admits having recommended the indictments, and the district attorney himself admits that he deferred wholly to Fulton's judgment.

THE INSPECTORS INTERPRET THE LAW.

Four days later, on March 19, Inspectors Stice, W. T. Sullivan, and Reid, in a special report to Inspector-in-Charge Fulton at St. Louis, called attention to another matter, in connection with the prosecution of the conspiracy charge against Lewis, on which it was necessary to have a precise construction from the proper officer of the Postoffice Department of certain sections of the Postal Laws and Regulations. After quoting sundry sections of the law,

*The italics here and in the next following pages are the author's. The phrases thus italicized are worthy of particular consideration.

the inspectors remark that in neither section is it specifically stated what constitutes a legitimate, regular or actual subscriber. One section, in their opinion, seems to define the word "legitimate" as used elsewhere, to mean "those who seek and pay for the publication with their own money." Another section, they think, seems to define a legitimate subscriber as one who is paid up, or in other words who has paid his subscription in advance. The inspectors' comment is as follows:

Had this section been left for the construction of the court, we would not deem this inquiry necessary, as under this definition it appears that no expired subscription could be considered legitimate in the meaning of the law governing second-class publications; and that when the subscriber ceases paying for the publication, and has not before or at the time of expiration, voluntarily indicated his desire to continue same, he is not considered a legitimate, regular, or actual subscriber, after expiration of the time for which he sought and paid for the publication.

The inspectors' request for a ruling seems to have been regarded as necessary, because of the new instructions (Circular XXV), issued in pursuance of the Bromwell-Weinschenk agreement on December 16, preceding. These, in their direct rulings, according to the inspectors, appear to support their construction as to the illegitimacy of expired subscriptions. They complain, however, that a qualification is made which creates a doubt as to what construction is intended. They therefore call attention to the paragraph heretofore quoted by the Business Men's Committee, in which the Department expressed the rule as follows: "Expired subscriptions may be carried, when necessary, for a sufficient time to enable the publisher to ascertain whether it is the intention to renew." The letter concludes with a complaint to the effect that this ruling has been seized upon by the Lewis Publishing Company as a basis for defense. The inspectors deplore this official ruling of the Department in the following extraordinary language:

This not only renders uncertain what is intended by the construction as to legitimacy of subscriptions based on expirations. It also destroys the definition of a legitimate subscription based on what seems to be a reasonable construction of the postal laws, section 436. It has placed in the hands of Lewis, and other unscrupulous publishers, a means for extended abuses of the second-class privileges, by apparently legalizing expirations covering such extended periods as are necessary to meet their needs, by their own construction of what is a "reasonable time." It also renders difficult the prosecution of publishers for abuses of the second-class privilege.

The inspectors, in other words, appear to have believed that they should enforce their own construction of what should constitute a legitimate list of subscribers within the meaning of the law. They did not choose to have their own construction set aside, even by a departmental ruling. They point out that Lewis had taken advantage of the new ruling to carry a large number of expirations as a part of his legitimate subscription list. They complain that, if permitted to make use of the new rulings in this manner, he would be allowed to mail nearly three million copies, whereas they

insist the "actual legitimate subscription lists of both publications" aggregated only 681,229 in October, 1905. They observe that Lewis was then mailing about two million copies, or some seven hundred and fifty thousand more than they decided he had a right to mail. The inspectors refer to the report of the Citizens' Committee regarding the legitimacy of the list in the following manner:

Lewis and the committee which recently counted his subscriptions have shown themselves well pleased with the ruling heretofore referred to. They have liberally quoted it in support of their contention that they are entitled to mail, monthly, 2,986,982 copies of the two publications. Lewis contends, we are advised, that expirations should be carried for one year as legitimate subscriptions, and that these should be added to his list on the Woman's Magazine alone to the number of 572,220, with the privilege of sending an equal number of sample copies of the publication. * * * Without the "reasonable time" extension clause * * * there seems to be nothing tangible in the postal laws on which there could be hung the defense now put forth by Lewis and his committee. * * * Whatever necessity there may have appeared for the Department's *quiet application of this liberal policy to publications in certain cases*, the reason is not apparent to us (sic) for the publication of it to them through postmasters, *after the investigation of the Lewis case was well under way*. However this may be, it is peculiarly unfortunate at this time, since it will be eagerly grasped and used by Lewis in an attempt to embarrass and prejudice the criminal prosecution of the officers of this company in St. Louis, where an effort is being made to protect the interests of the Government by checking the wholesale frauds against its revenues.

The propriety of the postmaster's rulings limiting, for the first time in the history of the Department, a publisher's legitimate subscription list to his current paid-in-advance subscriptions, having thus been challenged, the inspectors themselves thus define the issue:

In the case now pending, it is necessary to have a construction of this law. We have to request, therefore, that a specific departmental ruling be made on the following question: "Is the person whose subscription payment has expired considered a regular, actual and legitimate subscriber, after the expiration of the time for which the subscriber paid, provided such person has not indicated his intention to renew?" If it is intended by the note of instructions referred to, to so modify section 436 as to admit of the gross abuse being practiced as a result of such modification in the Lewis Publishing Company case, and will be practiced by other publications, it becomes necessary that we know definitely, for the purposes of this case, what is considered by the Department a reasonable time for expirations to be sent at second-class rates, and whether the sending of an equal number of sample copies is to be allowed to be practiced thereon. We believe, therefore, that it is important, and necessary, to meet the emergencies of the situation at the present time, that the Department make specific rulings on the points noted.

THE "DOCTORED" RULING.

General Madden comments before the Ashbrook Committee on this situation as follows:

Inspector Fulton's "personal" letter of March 15 to the chief postoffice inspector was forwarded to the third assistant. The design was to have the "proper officer of the Department" advise the St. Louis postmaster that the rate of postage on the 300,727 copies of the Farm Journal impounded

at St. Louis was one cent for each four ounces or fraction, because the postal laws had been found to be "silent on that direct proposition." The third assistant responded, on March 22, to the chief postoffice inspector himself, and called attention to the irregularities in the case. He made it clear that it was not being handled "along the usual lines." This declaration of the "proper officer" to proceed as if the matter were being handled "along the usual lines" brought the postmaster-general into the case, to compel the third assistant to act. The postmaster-general now spoke for the first time in five months. On March 22, 1906, the same day the third assistant replied to the chief postoffice inspector, virtually declining to address the local postmaster, the postmaster-general broke silence as follows: "The letter addressed to you by the postmaster at St. Louis, Mo., under date of March 15, to which was attached your communication to me of March 17, is herewith returned. You will please inform the postmaster at St. Louis, in response to his inquiry, the amount of postage which should be collected on copies of the Woman's Magazine and the Woman's Farm Journal, now withheld from transmission by him as being in excess of the number of copies which the publishers are legally entitled to transmit at the second-class rate of postage; assuming, as the basis of your instruction to the postmaster, that the number of copies of each publication charged by him as having been mailed in excess of that authorized by law, is correct. It is requested that your letter of instructions to the postmaster at St. Louis be submitted to me before transmission."

This letter of the postmaster-general to the third assistant is another disclosure of the unusual lines which were being followed in this case, and of the methods which were being employed to accomplish results in St. Louis. This was the first instance in history of the postmaster-general requiring the third-assistant to submit for scrutiny a ruling made by him and over his name and official title. As the letter of the local postmaster to the third assistant, March 15, and the "personal" letter of Inspector Fulton of the same date to the chief postoffice inspector, both show, a ruling by the "proper officer" was required to supply the deficiency in the postal laws, for—"What the attorneys will need as evidence through the postmaster, will be testimony to the effect that the legal rate chargeable on these publications mailed in excess of the number to which the publishers were entitled, is one cent per copy (or for each four ounces) when sent to a single address."

Here it is necessary to make an explanation. It has been stated that the third assistant postmaster-general was reforming the abuses of the second class of mail matter. One of the alleged abuses was the mailing of too many sample copies by publishers. That was regarded as an abuse, although the law gave them an unlimited privilege while the publication remained of the second class. The real remedy of the Department was to rule such a publication out of the second class. But the reform was designed to be conducted with as little damage to the publishing industry as possible.

The office ruling of the third assistant was to the effect that any publication of which more sample copies were regularly mailed than subscribers' copies, would not be admitted to the second class, on the ground that it was primarily designed for free circulation, and so prohibited by law. That rule served on the question of admission. Under the Act of 1901, a publication could not be ruled out of the second class for any cause, until a hearing had been accorded the publisher. It was the practice also at such hearings, to decide not to rule against the publication, if the publisher would cease his violation of the limitation, and observe the rule of one hundred per cent of sample copies upon his subscription list. This practice is clearly stated in the case of Conant v. Payne. Conant issued a publication known as "Salvation." He was warned that excess mailings of sample copies would cause his publication to be ruled out. He continued, nevertheless. He was then cited to a hearing, as required by the

Act of 1901. He stood upon what he conceived his right to mail without limit. The third assistant ruled his publication out of the second class. Conant then applied to the court. The court sustained the ruling of the Department.

General Madden, in other words, asserts that even if the Lewis Publishing Company had been declared guilty of mailing an excessive number of sample copies (which he elsewhere decides not to have been the case), it was not chargeable with an indictable offense. No statute made such an act criminal. The law gave the company the unquestioned right to mail sample copies. The procedure adopted by the St. Louis Triumvirate was therefore without colorable basis. The proper course would have been to cite the company to a hearing before the third assistant. He would then have warned the officers of the company that, if such practices were continued, the second-class privilege would be withdrawn. No such citation was ever made. The company was not officially warned. All other mail order publications, on the contrary, were exempted from the operation of a strict construction of the regulations pending the publication of the new rulings (Circular XXV), and, thereafter for four months prior to April 1, 1906, when these were to become effective. The only warning given the Lewis Publishing Company was a verbal notice by the postmaster at St. Louis of the detention of its mail upon which postage had been paid, followed by the indictment of the company's officers. Lewis promptly discontinued the practices complained of, and the company then began to avail itself of its right to carry expirations, or credit subscriptions, for a reasonable time. Notwithstanding all this, the Triumvirate at St. Louis persisted in requesting a ruling by the third assistant such as "the attorneys will need" to complete the destruction of the company and to put its officers in jail. The following excerpt is taken verbatim from the record of the congressional investigation touching this vital point:

MR. MADDEN: We return now to the letter of the postmaster-general, Mr. Madden, dated March 22. He directs that the postmaster at St. Louis be informed of the amount of postage which should be collected upon copies of those magazines, "assuming as the basis of the instructions to the postmaster, that the number of copies of each publication charged by him as having been mailed in excess of that authorized by law, is correct." The third assistant could not be mistaken as to what was wanted. But, as prepared, the ruling would have disclosed the fraud in the indictments,—that is, as to the "form of the statute."

MR. ALEXANDER: In other words, they were going to give that rule the effect of law, while there was no statute to that effect?

MR. MCCOY: I can not see myself how that administrative rule had anything to do with the indictment.

MR. MADDEN: It did not. That is just the complaint. They wrote that administrative rule into that indictment.

MR. MCCOY: I do not believe that it will be necessary for you to argue the proposition that there could not be any indictment for crime, based on a violation of an administrative order. If that is what you are arguing, I think it is unnecessary. I do not believe for a moment that the committee would hold against you on that proposition.

MR. BARRT: That could not be done.

MR. MCCOY: Now, you are on record as saying that an indictment could not be based on an administrative regulation of the Department.

MR. BRITT: Certainly. If it was attempted, it was not well founded.

MR. MADDEN: The ruling of the third assistant was, however, as directed, submitted to the postmaster-general "before transmission." It came back edited. That part of it which would have defeated the purpose in St. Louis was eliminated. The postmaster-general required that it be rewritten as edited. That was done. The letter was forwarded, as edited, March 30, 1906. This editing of the ruling to make it supply the needs of the attorneys in St. Louis, because the postal laws were found to be "silent on that direct proposition," was under the advice of the assistant attorney-general for the Postoffice Department, who has been named as one of the conspirators in the case. As the procedure shows, it was all important that the third assistant, "the proper officer of the Department," should make this ruling. Then, on the face of the record, the case would appear to have been handled "along the usual lines."

The famous doctored ruling was in response to Postmaster Wyman's letter of March 15. The paragraph in question follows. The sentence in brackets was stricken out by the advice of Assistant Attorney-General Goodwin. This action had Cortelyou's approval and consent. Modden, in this letter, said:

Assuming, as a matter of fact, that the copies withheld from transmission in the one case and mailed in excess in the other, are copies in excess of the number which the publishers are entitled to mail at the pound rate of postage, as stated in your letter, then [unless such excess is great enough to establish that the publication is "designed primarily for advertising purposes, or for free circulation, or for circulation at nominal rates," and thus exclude the publication from the second class altogether, a matter which can be determined only after a hearing before this bureau under the act of March 3, 1901—ch. 851, 31 St. L., 1107, sec. 444 P. L. and R.], such excess copies are chargeable at the rate of one cent for each four ounces or fraction thereof, prepaid by stamps affixed.

The effect of the clause thus stricken out was to assert the prerogative of the third assistant to determine the facts at issue on a hearing, and to direct attention to the law requiring that such hearing be had. Obviously this would not be the sort of evidence the "attorneys will need." The letter, as edited, was signed by the third assistant and dispatched under date of March 30. The following is the explanation given by General Madden of his motives in so doing:

A brief personal explanation is called for here. I was third assistant postmaster-general when the letter of instruction to the St. Louis postmaster, dated March 27, 1906, came back from the postmaster-general edited. My impulse was to resign. But there were many reasons why I should not. * * * If I had done so, it would have been impossible to have obtained copies of the complete record. My thought was that, if it came to an actual trial of Lewis and the others on those fraudulent indictments, and this doctored ruling of mine were made use of, I would do my duty as a citizen and go to St. Louis and testify. My remaining in the service made it possible for me to lay before this committee the indisputable evidence of the conspiracy which I charged.

THE THIRD CAMPAIGN OF THE TRIUMVIRATE.

The postmaster at St. Louis, in response to this letter, states that the Triumvirate held a joint conference on March 28 to discuss the letter of the third assistant, dated March 22, to the chief

inspector. It was deemed necessary, he says, to ask for similar instructions as to past and future issues of both publications. Instructions, in effect similar to the doctored ruling, were forwarded by the third assistant on April 6, having first been submitted to the postmaster-general and initialed "O. K., G. B. C." The postmaster, thus armed, proceeded promptly to lead a fresh assault. On April 6, Lewis received from him the following communication:

From facts obtained, which, in my judgment, justify me in the conclusion that the legitimate subscriptions to the Woman's Farm Journal are not to exceed 141,328, and that you are entitled to transmit through the mail at the pound rate not to exceed 282,656 copies of that publication, including sample copies, you are hereby notified that transient second-class postage at the rate of one cent for each four ounces or fraction thereof, must be prepaid by stamps affixed on all copies of said publication in excess of your legitimate mailings, as above indicated, hereafter presented by your company. If not so prepaid, it will be necessary for me to refuse to accept such excess for transmission through the mails. This notice does not in any way waive any claim of the United States against your company for previous mailings of this or other publications at the pound rate, in excess of your legitimate mailings under the Postal Laws and Regulations of the Department.

To Wyman's letter, Lewis responded with the following protest:

Your communication of April 6, 1906, was duly received. The Lewis Publishing Company is fully informed of the number of subscriptions to the Woman's Farm Journal, and begs leave to advise you that the statement of the number thereof in your letter is not correct, whatever may be sources of your information. The Lewis Publishing Company has no intention whatever to violate the postal laws in any particular, but it intends to protect its interests and those of its stockholders against any attempt to deprive that company of its rights under the laws. This Company protests against your demand for additional postage on copies of the Woman's Farm Journal, offered for mailing at your office, under the second-class entry of that magazine.

Lewis, after writing this letter to Wyman, called on the same day on the postmaster and stated the intention of appealing from his decision. On that very day he did, in fact, forward an appeal to Washington, not, however, through the postmaster at St. Louis, the third assistant, or the postmaster-general. Despairing of justice at the hands of these officials, he appealed over their heads, directly to the committee on Postoffices and Post Roads of the House of Representatives. This appeal took the form of a lengthy communication to the chairman, Congressman Overstreet, whom Lewis had personally interviewed in Washington. By this move Lewis was successful at last in touching an efficient spring of departmental activity. The career of an administrative officer hinges largely upon his ability to command the good-will of Congress. This obtains not only as regards proposed measures of legislation, but also as touching upon all the important annual appropriations. Congress is the paymaster. The chairman of the powerful committee on Postoffices and Postroads is a personage with whom the postmaster-general can ill afford to quarrel. Accordingly Lewis' appeal, when transmitted by Overstreet to Cortelyou, was received

with at least apparent deference. Cortelyou, therefore, on April 14, forwarded Lewis' appeal to Madden, stating the circumstances and nature of the grievance and closing with the following instructions:

You will please immediately institute an investigation for the purpose of determining whether the Woman's Farm Journal and the Woman's Magazine, issued by the Lewis Publishing Company, are entitled to second-class privileges, and if so, what number of copies of each publication should be admitted to the mails monthly at the rate of one cent per pound. This investigation should be thorough and comprehensive. In pursuance of it the company should be afforded early opportunity to be fully heard upon the questions involved.

The case was thus once more in the hands of the third assistant. He proceeded to deal with it according to the practices of his bureau. He instructed the chief postoffice inspector to furnish copies of all evidence in his possession bearing upon the question as to the number of subscribers constituting the legitimate list of the Woman's Farm Journal. He directed the postmaster to furnish all the evidence in his possession touching the alleged excess. He informed the Lewis Publishing Company that, although its letter to Representative Overstreet could not "in strictness be said to constitute an appeal," it would be treated as such, and that the company would be accorded an opportunity, on April 27 (which date was afterwards changed to April 29), to present its evidence. The statement was also made in this connection that its second-class entry was in dispute.

The chief postoffice inspector informed the third assistant that he was unable to furnish either originals or copies of the inspectors' reports, it being the custom of his office, whenever an indictment had been returned, to submit all books to the Department of Justice. All the papers were, therefore, said to be in the possession of the United States district attorney in St. Louis. This letter closes thus:

As Mr. Lewis has very bitterly assailed the character, motives and intelligence of the inspectors who have made the investigation, it is suggested that an investigation on independent lines, as far as possible, will be more satisfactory to this office. I have to ask that the statements of the inspectors shall not be used in your investigation, unless your representatives shall be satisfied that they are founded upon fact.

WYMAN IS REBUKED.

The postmaster responded with a lengthy communication, expressing his regret that the third assistant had not seen fit to comply with his request that the papers submitted by the company be placed in his possession. Being, as he expressed it, "blinded as to what particular issues Lewis has raised in his appeal," the postmaster went into the case in great detail. He expressed his misgivings as to the outcome as follows:

The ramifications are so great, and the evidence so intricate and necessary of explanation in many particulars, and the time is so short, that I do not hesitate to say I fear that, if this is to be the extent to which the Government is to be heard in this appeal, its interests will be inadequately

represented. Especially will this be true, if Mr. Lewis is there in person with his profuse and specious explanations and representations, with nobody (acquainted with the facts) there to combat him. * * *

Lewis has vilified and maligned every officer in any way connected with the issuance of the fraud order against him, from the head of the Department down, including the judge of the United States court. He has placed all of them in the category of thieves, conspirators, dishonest officials, dupes, or incompetents. In letters signed by Lewis and in articles published regularly by him since the fraud order was made effective, all of which are teeming with anarchistic statements and charges of official corruption, your name alone, as an official, has received favorable comment. The effect of this on thousands of his credulous readers is appalling, as is evidenced by the fact that not only I, as postmaster, but other officials of the Department here in St. Louis, have received many letters of vituperative condemnation for the course we have pursued in our efforts to protect the revenues of the Government.

The postmaster then referred at length to the joint investigation conducted in the fall of 1905. He stated that following the investigation the company discontinued its system of distinguishing wrappers, "with every apparent effort on Mr. Lewis' part to prevent the Department, if possible, from gathering further facts as to the exact number of his illegitimate mailings." Deprived of this key, the postmaster had recourse to inquiries through postmasters, with the alleged result that "not to exceed fifty-five per cent of Lewis' subscribers are legitimate." The postmaster stated that Lewis' "alleged" Citizens' Committee lays claim to the legitimacy of expired subscriptions under the newly published rules of the Department, but asserts that, with this exception, its count and that made by the inspectors are practically alike. After rehearsing alleged discrepancies in Lewis circulation statement, he indulges in the following: "In face of these indisputable facts, I cannot understand why any of his statements or explanations are accepted as truthful or why he should be given the sufferance of second-class privileges another day."

After directing sundry criticisms at the company's method of securing circulation, the postmaster states that he has not acted without full realization of his responsibilities, and is "not insensible to the criticisms and abuse which, on the part of Lewis and his friends, has followed such action, and will continue so doing." He expresses the earnest hope that the officers of the head of the bureau having jurisdiction over these abuses and having the power to stop them, will give him the "loyal and effective support" that is due a postmaster under such circumstances. The letter closes thus:

I desire to again express it as my conviction that not only should the additional postage collected from Mr. Lewis be retained by the Government, but that the second-class privilege granted the Woman's Magazine and the Woman's Farm Journal should be immediately revoked, because of the unquestionable illegitimacy of his subscription lists, and his gross abuse of second-class privileges in the use of these publications primarily for advertising purposes.

General Madden caustically remarks that his reply to the foregoing letter "was not submitted to the postmaster-general before transmission." This letter from the third assistant is of sufficient interest to justify its insertion here in its entirety. He says:

Your letter of April 23, a copy of which was also sent to the postmaster-general is received. This is not a reply to such parts of your letter as are responsive to my letter of the 19th instant calling for information. There are certain portions of your letter, however, not concerned with the merits of the matter to which it relates, which, by reason of their unusual character, require special notice at this time.

You should understand that the second-class mailing privilege of any publication depends upon the facts pertaining to that publication as mailable matter, and the circumstances, if true, that a publisher has "villified and maligned every officer in any way connected with the issuance of the fraud order against him, from the head of the Department down, including the judge of the United States court, and has placed all of them in the category of thieves, conspirators, dishonest officials, dupes, or incompetents," or the circumstances that the statements made by him are anarchistic, or that any one official has not been the object of his displeasure, are matters wholly disconnected from his right to the second-class mailing privilege, and are matters which you should not permit to enter into the consideration which you, as an official, are required to give the case. If the publisher has libeled you or any other official, there is a remedy at law.

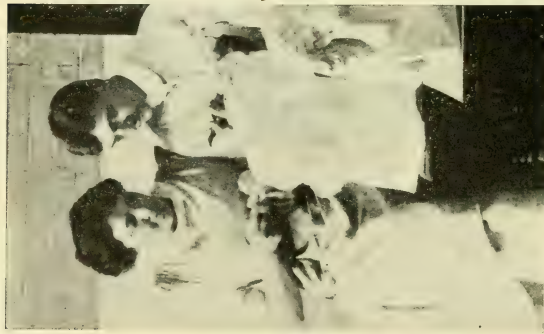
It is especially important that an official charged with administering the postal laws and regulations uniformly should, in the discharge of his functions, be entirely unbiased by such circumstances as those upon which you dwell in your letter. Particularly should you endeavor to eliminate from your investigation and report upon the physical facts involved in the inquiry, the supposed effect, however appalling in your judgment, of these statements upon the readers of the publication. Neither should you take into consideration, as an official, the letters of vituperative condemnation which you say you have received. While your protestation that you intend to continue to perform your duty faithfully and fearlessly is commendable, and you will have the support of this bureau whenever your action is just, lawful and reasonable, you should not, by reason of the criticism and abuse to which you say you have been subjected, put yourself in the frame of mind of one suffering from delusions of persecution, nor should you permit the irritation which, as an individual, you may naturally feel on that account, to drive you to imperil the success of administration by over zealous or hysterical measures.

It is my duty to inform you that the cases of the publications mentioned in your letter are now with this bureau. They involve two questions: First, whether the excess mailings alleged by you are, as a matter of fact, excess under the usual rules applicable to all publications; second, the right of the publications, as constituted, to the second-class mailing privilege.

The facts with respect to the fraud order against the People's United States Bank and the indictment of Mr. E. G. Lewis in connection with the promotion of that bank and for conspiracy to defraud the postal revenues, recited at length in your letter, are matters of which this bureau has already official cognizance and which, in the request for information concerning your ruling as to excess copies, you were not called upon to recount at length. Neither is it your duty to pass judgment upon the extent to which the Government is to be heard in the appeal from your ruling, nor upon the question whether its interests will be adequately represented. Equally superfluous is your statement that "no action, so far as this office is advised, has been taken by you in connection with the recommendation and hearing on the matter of revoking Lewis' second-class privileges." Whether action has been taken by me or not is something which



Mr. and Mrs. Lewis during the period of the reorganization of the Lewis enterprises and the investigation of the complaint of the Lewis Publishing Company against the Post Office Department by the Ashbrook Committee
 Photograph of Mrs. Lewis by Cincinnati, O., taken while attending the hearings of the Ashbrook Committee Photograph
 of Mr. Lewis by Merrill, St. Louis, taken shortly before the reorganization agreement of April 11, 1911



The Lewis' as artists. Both Mr. and Mrs. Lewis mold, decorate and fire porcelains. Mrs. Lewis is also an adept at china decoration. Lewis' favorite "stunt" is to exhibit his skill at the potters' wheel. "Come over to the Art Institute and I will make a pot for you" has been Lewis' greeting in recent years to many distinguished visitors. Mr. and Mrs. Lewis are probably more deeply interested in the development of the Ceramic Arts than in any other phase of the manifold interests at University City. They spend as many hours together in the potteries as can be snatched from household, business and social cares

I may be assumed to know, and your statement to that effect in an answer to a letter calling upon you for information, can be accounted for only upon the view that you assume to sit in judgment upon the actions of this bureau and to express contempt for them. You must know that conduct of this character will not be tolerated, and that a repetition of it will involve consequences more serious than the rebuke and reprimand which is now administered to you. This reprimand applies equally to other statements in your letter, among them the expression of your surprise that any of Mr. Lewis' statements or explanations are accepted as truthful, or that he should be given the sufferance of second-class privileges another day. The law has not delegated to you the power or authority to pass upon the second-class privileges of any publication, nor, so long as you remain subordinate officer of this Department are you at liberty to review, or express your disapproval of, the decisions of your superiors.

It is unnecessary for the present purpose to refer to further evidence in your letter of the attitude of insubordination in which you place yourself. It is hoped and expected that hereafter, in the management of that part of the public business committed to your care, you will confine yourself to the duties which you are called upon to perform, and in doing so will display sanity, moderation, and dignity.

THE ONLY UNCHANGEABLE SUBSCRIPTION LIST IN HISTORY.

Neither the postmaster nor the chief inspector complied with the third assistant's request for the evidence in their possession. He therefore proceeded according to his own methods and practices. Meantime, notwithstanding Lewis' protest and the pendency of his appeal, the postmaster refused to receive the current issue of the *Woman's Farm Journal* for transmittal, until the alleged excess to the amount of three thousand dollars had been deposited. For this a receipt, of which the following is a copy, was given:

Received of the Lewis Publishing Company, subject to proper disposition of same by the Postoffice Department, the sum of \$3,000, as a deposit to cover the mailing of such part of the April, 1906, issue of the *Woman's Farm Journal* as is held to be subject to the transient second-class rate of postage.

FRANK WYMAN, Postmaster.

Attached to this receipt, in Lewis' private vault, are similar acknowledgments of excess postage on both publications, covering the period from April 7, 1906, to March 14, 1907, aggregating thirty-two thousand dollars.

The total of 141,328 subscriptions to which the second-class rights of the *Woman's Farm Journal* were thus limited by the postmaster's ruling, was first established by the inspectors' count of the subscription cards as of October 1, 1905. Even the current month's expirations were excluded. The expirations for the months of July, August and September of the preceding year were, however, being carried at that time as credit subscriptions. This practice was fully authorized by the newly published departmental rulings. Lewis, moreover, had modified his practice as to expirations after the inspectors' investigation in October, and continuously availed himself thereafter of his privilege to carry expirations "a reasonable time," which he chose to interpret as from six months to one year. Accordingly, six months additional expirations had been added to his regular subscription list over and above the 141,328

allowed by the inspectors, a total of approximately one-half as many additional. These subscriptions the postmaster totally ignored. Lewis on April 10, made this fact the subject of the following caustic letter:

In view of your letter of April 6, purporting to fix the number of subscriptions to the Woman's Farm Journal at 141,328, we beg to call your attention to the fact that we are receiving large numbers of new subscriptions in every day's mail. Will you have the kindness to inform us what the new regulations are in regard to these additional subscriptions, under the revised postal laws which you are enforcing on this publication? Is the subscription list of the Woman's Farm Journal supposed to remain permanently at the figure you have fixed, for all time to come; are we to be entitled to mail these additional subscriptions at the regular pound rate; or must we return the money to these subscribers as it comes in, and declare to them that our subscription list is unchangeable since you fixed it? As we are unable to find anything in the postal laws and regulations which throws light on this problem, we ask your ruling on the point, as it is a matter of importance, not only to the Woman's Farm Journal, but to every newspaper and magazine in America.

The effect of this outburst was merely to provoke additional reprisal. On April 12, the postmaster ruled that "the legitimate subscriptions to the Woman's Magazine are not to exceed 539,901," being the figure established by the inspectors' October count, and the mailings of that publication were therefore limited to 1,079,802 copies. Instructions were given that the "regular legitimate subscriptions" should be first presented for mailing, then the sample copies, and afterwards any excess copies must be presented separately, with postage fully prepaid. Accompanying this communication was the postmaster's reply to Lewis' inquiry touching possible additions to his subscription lists. The postmaster, in this letter, takes advantage of verbal notice given him by Lewis of the proposed appeal from his decision to the Department, and invites him to submit in the regular way, through the St. Louis postoffice, all evidence bearing on the subject. Lewis was advised that his claims would be fully investigated, but that he must convince the St. Louis office or the Department, by evidence, of their validity. The following paragraph in this letter is of interest:

In passing upon any proposed change, however, you are advised that the net increase or the net decrease must be the basis thereof. All additional legitimate subscriptions received by you will, of course, be given due consideration. On the other hand, expirations and names illegitimately used by you as subscribers will likewise be considered and deducted.

Additional interest attaches to this letter because, in closing, the postmaster quotes from the newly published rules of the Department (Circular XXV), and for the first time serves upon Lewis formal notice of the construction of the Postal Laws and Regulations, compliance with which would be expected. No mention is made, however, of the clause above quoted from the supervisors' report of the Citizens' Committee, allowing publishers to carry expirations for a reasonable time. This clause, however, had already attracted the attention of the St. Louis Triumvirate, as will be

seen later from an examination of their reports. Lewis countered heavily upon the postmaster. His reply, after calling attention to the fact that expirations carried for a "reasonable time" are classified by the Postoffice Department as legitimate subscribers, concludes sarcastically:

If you have recently made a new set of rulings to supersede those made and promulgated by the third assistant postmaster-general on December 17, will you kindly send us a copy in order that we may be guided by them and furnish them to all other publications.

THE SECOND HEARING BEFORE MADDEN.

The St. Louis Globe-Democrat of April 24 and 26 contained brief items to the effect that the Lewis case was to be reconsidered and that an open hearing was to be had the following Monday in Washington. Upon the telegraphic request of the company, the date was postponed until 2:30 p. m., April 30. Lewis left for Washington at noon, April 28, accompanied by a party consisting of Governor and Mrs. Stephens, Judge Barclay, counsel for the company; Mrs. Barclay, H. L. Kramer, vice-president, and James F. Coyle, director.

A full stenographic report of the proceedings at this hearing is of record. What took place is of basic importance, because Cortelyou asserted afterwards that this was the hearing prescribed by law on which, ten months later, he withdrew the second-class privilege from both publications. The courts afterwards decided that Cortelyou, in fact, was wrong and that no legal hearing had been accorded. Both publications, however, when the decision was rendered, had been excluded for nine months from the mails and the work of their destruction was virtually complete. In this connection, the following excerpt from the record of the hearing is reproduced:

JUDGE BARCLAY: There is one thing, General Madden, which I wish to ask particularly. That is the second paragraph of your honored communication of April 19, in which you state, in addition to the question of circulation, "In this connection you are also informed that the question of the right of these publications to second-class entry is in dispute." If this matter is to be heard independent of the question of the circulation, we should like to understand it, as it would involve a very much larger inquiry.

GENERAL MADDEN: It is independent and unnecessary, today.

JUDGE BARCLAY: We can only take the appeal, today?

GENERAL MADDEN: Yes.

MR. LEWIS: I understand that the bearing today is separate from the last clause of your letter—that is, it is not upon the general character of the publications or their being entitled to second-class privileges; it is purely and simply upon the excess mailings.

JUDGE BARCLAY: Are we to have the privilege of knowing upon what facts there is a *prima facie* case? Mr. Wyman's figures or anyone else's, regarding the circulation?

GENERAL MADDEN: No, sir. I am going to hear what you have to say to establish your own figures.

JUDGE BARCLAY: Independent of that?

GENERAL MADDEN: Independent of that point.

This would seem to be in direct conflict with Cortelyou's conten-

tion that this was such a hearing as is prescribed in the Act of Congress of March 3, 1901.*

The hearing before the third assistant was opened by the following remarks from Congressman Bartholdt, who has attained worldwide celebrity by his services in the cause of international peace:

General Madden, before the hearing begins, I should like to state that the plant of the Lewis Publishing Company is located in my district. That accounts for my presence here today. The arguments will be submitted by the other gentlemen. All I have to say, and the reason I came here, is that I desire to testify to the character of the gentlemen who appear before you. They are men of the highest standing in St. Louis, whose word would be believed under any circumstances, in any business transaction, or in any other respect. They will, I suppose, be able to satisfy you. From the knowledge I have gained from personal study of the subject, if the methods which have been pursued to establish the circulation of the *Woman's Magazine*, and the other publications, should be pursued to establish the circulation of a daily newspaper, it would pretty nearly break up any first-class newspaper in the country. That is all I have to say.

Counsel for the company thereupon read into the record its formal protest and appeal. The issue was partially defined and Lewis took the floor. After stating that his understanding of the purpose of Congress in enacting the law governing the carriage of second-class mail was to encourage "the distribution of good, clean literature and information to the great mass of the American people at the lowest possible price," Lewis discussed briefly the administration of the law. He then reviewed the whole controversy. After stating at length his grievances and contentions, he introduced Walter B. Stevens, who made the following statement:

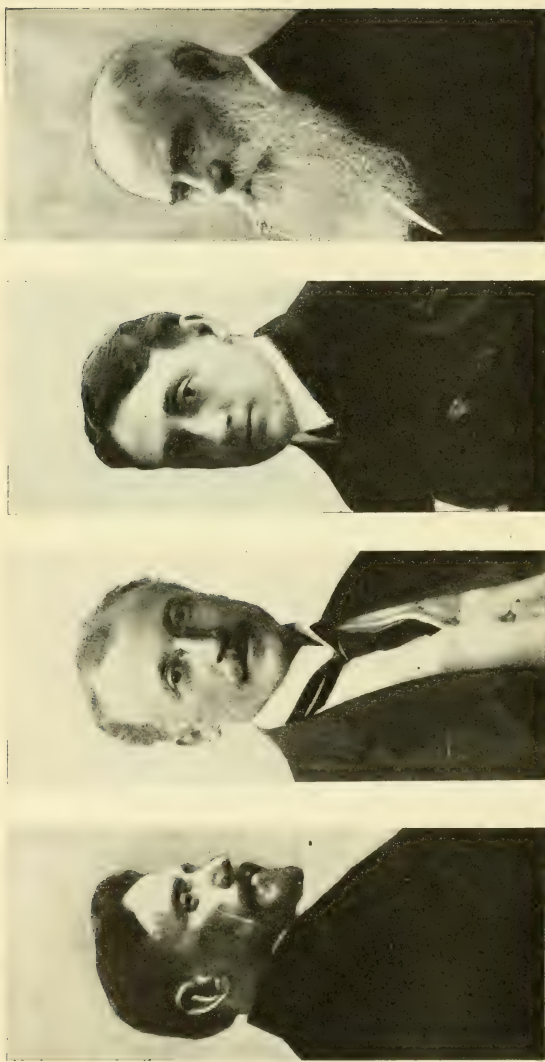
MR. STEVENS: This is somewhat personal, and I don't like to introduce it, but it may have some bearing and may help to emphasize what I have to say. For a period of seventeen years, I served the *St. Louis Globe-Democrat* as its Washington correspondent. I have been to some extent familiar with the Postoffice Department policies and rulings. When Mr. Loud of California, was on the postoffice committee of the House of Representatives, efforts were being made to remedy abuses of second-class privileges. I was then instructed by the *Globe-Democrat* to give the subject special attention, and did so. Mr. Loud and officials of this Department gave me the use of information which had been gathered, and, so far as I had the ability, I pointed out the legitimate use and abuse of the privilege. I sought to create all the reform sentiment I could. Such opinions as I then formed were decidedly against the misuse of the second-class privilege. When this investigation was undertaken, the committee of citizens of St. Louis was told plainly that no *ex parte* report could be made. The chairman replied that the committee would be satisfied with nothing but the facts. In a determination to show the Lewis Publishing Company no favor and to establish the truth, this investigation was made.

MR. BARTHOLDT: Will you permit me to add just a word? Mr. Stevens was formerly the president of the Gridiron Club, and enjoys the confidence of every public man with whom he ever came in contact.

*This statute is quoted as section 444 of the Postal Laws and Regulations, as follows: "When any publication has been accorded second-class mail privileges, the same shall not be suspended or annulled until a hearing shall have been granted to the parties interested."



Group of men associated with Lewis in furnishing the correspondence courses of instruction offered as privileges of the American Woman's League
 *Sidney Morse, director of the Peoples' University
 *John A. Campbell, president of the Quinn-Campbell Conservatory of Music, Chicago
 *F. Arthur Metcalf, president of the Home Correspondence School, Springfield, Massachusetts



Group of masters on the faculty of the Art Institute of the American Woman's League a branch of the Peoples University
 John H. Vanderpool, accused, director of Drawing and Painting, successor to Mr. Ott George Julian Zebay, director of Sculpture Ralph
 Chesley Ott, formerly director of Drawing and Painting Taide Dool, director of Ceramics.

After submitting a statement, which gave the substance of the report of the Citizens' Committee, Mr. Stevens described the whole method of manufacture and mailing of the Lewis publications. He thus concluded:

The examination of the original subscriptions justified some conclusions. During the year 1905,—I think this is quite an important statement—the single paid-in-advance subscriptions to the magazine numbered 335,264. The other subscriptions were in club lists. Those single subscribers either wrote letters or filled out blanks and inclosed money or postage stamps. The correspondence was voluminous. It bore evidence to an active interest in this publication, by a large number of women and girls living on farms, in villages and small towns. The reading of a few thousand of these letters will satisfy any fair-minded person that the *Woman's Magazine* and *Farm Journal* have legitimate fields and appreciative readers. These are not publications that appeal particularly to masculine constituencies. They do reach the feminine mind, and that is one secret of the success of Mr. Lewis in building up these two publications. It has been amazing that this man has made such a success. He has a way of making the publication appeal to women, especially women living in the country. There are not many publishers who have preeminently this faculty or understanding that enables them to cater to women readers. Mr. Lewis is one of them.

Commenting on the question as to whether the subscription price of the *Woman's Magazine* could be deemed nominal within the meaning of the law, Mr. Stevens said:

The first impression of a ten-cent subscription is that it is merely nominal, almost ridiculously small. The fact is, the two-thirds of a cent which the publishing company averages on each number, from subscriptions, goes much farther toward paying for the material and mechanical cost of the product than those, not intimately familiar with the publishing business today, are aware. When I began work on a St. Louis paper, not one of the dailies in the city was sold at less than five cents a copy. The mail rate per annum was from ten to twelve dollars. When the first daily was started at one cent, it was necessary to ship pennies by the barrel from the Treasury Department to St. Louis, to make change. Today, every daily paper in St. Louis is retailed six days in the week at one cent a copy. The newsdealers and newsboys buy these papers at from one-half to five-eighths of a cent per copy. I do not know what the Lewis Publishing Company pays for white paper, for composition, and for press work. But, from general knowledge on these matters, I do not think there is very much difference between the material and mechanical cost per copy of one issue of a St. Louis morning newspaper and one issue of the *Woman's Magazine*. That is, a copy of the St. Louis *Globe-Democrat* or the St. Louis *Republic* costs, for paper, press work, and composition, about the same as one copy of one issue of the magazine.

The economies that have been introduced in the publishing business have revolutionized it. In no other large printing establishment that I know of, have these economies been carried to the point of saving that they have in the plant of the Lewis Publishing Company. Girls do most of the work in the subscription and mailing departments. Lads learning the trade, with here and there an experienced man, handle the material and the presses. Labor-saving machinery has been introduced in all branches of the business. It is doubtful if anywhere else in the United States there is a printing establishment which does work at such minimum cost. In St. Louis, we have come to look upon the publishing plant of the Lewis Company as a model, and to take pride in it as a local institution. We realize that the publication of a monthly magazine at a subscription price of ten cents a year is not a joke, nor a fake. The recognition of the

character of these publications was shown in the consent of the members of the committee to investigate its subscriptions.

The remainder of the hearing consisted chiefly in the examination of Lewis by Madden and his assistant, Glassie, special counsel for the Government. The minutiae of the company's methods of handling expirations and sample copies was probed exhaustively. Lewis made specific replies to all questions. He told all about the defense fund, the method of procuring names from mail order advertisers, the use of distinguishing wrappers, and the various other controversial points with which the reader is familiar.

After an expression of confidence in the third assistant by Vice-President Kramer, and an appeal by him in behalf of the stockholders for a prompt decision, the hearing came to an end. A large number of exhibits, including the detailed tabulation of the Business Men's Committee, with copies of their report, and that of the American Advertisers' Association, were submitted to the third assistant.

AN INTERVIEW WITH CORTELYOU.

The day following, between the hours of four and six p. m., through the courtesy of Congressman Bartholdt, the representatives of the company were given a personal hearing by General Cortelyou. Judge Barclay made the first formal remarks. He then introduced Mr. Stevens, who called the attention of the postmaster-general to the tabulation and report of the Business Men's Committee. Following is Lewis' statement as to what transpired in the course of this interview:

We called on Mr. Cortelyou and had a personal interview with him. Walter B. Stevens presented the tabulated analysis of the count of the Business Men's Committee. This was an analysis of the original subscriptions orders. It showed exactly what the subscriptions to these magazines were. Mr. Cortelyou asked a number of questions of Mr. Stevens with whom, I believe, he was acquainted. To the best of my recollection he said that a special commission would be sent out from Washington to make an independent and exhaustive investigation, and that if the result sustained and verified the count of the Business Men's Committee, it would end the whole controversy.

Lewis and his associates, knowing that in the nature of things the report of the Citizens' Committee was bound to be confirmed by a fair investigation, believed that their troubles were practically at an end. Reassured by the nature of the hearing, and the apparent attitude of the postmaster-general, they returned to St. Louis, and with renewed confidence devoted themselves to the task of establishing the Woman's National Daily and earning dividends upon the largely increased capitalization of the company.

CHAPTER XXV.

CORTELYOU SHOWS HIS HAND.

THE RIDDLE OF THE SPHINX-LIKE CORTELYOU—THE PENROSE-OVERSTREET COMMISSION—THE FETTIS COMMISSION AT ST. LOUIS—CORTELYOU SHOWS HIS HAND—THE POSTMASTER'S MODE OF DEFENSE—REPORT OF THE FETTIS COUNT—MADDEN'S DECISION—THE "PROPER OFFICER" IS REVERSED—THE LAST TWO DAYS AND NIGHTS—LEWIS' GATLING-GUN—REPRESENTATIVES AT WASHINGTON—LEWIS GETS A BIRTHDAY GIFT.

The centre of interest now shifts to Washington. We here approach the source of the mystery in which the attacks on the People's Bank and the Woman's Magazine were shrouded. Affable, courteous, fair spoken, the postmaster-general all along had maintained, to outward seeming, an attitude of aloofness from the Lewis case. He protested an entire freedom from prejudice or bias and disclaimed any personal interest in the relations of the Lewis Publishing Company with the Department. He laid great emphasis upon his expressed policy to treat the Lewis case with absolute fairness and upon precisely the same terms as those accorded other publishers. He received the representatives of the People's Bank, after the hearing before Goodwin in 1905, with apparent candor and gave them assurances of further hearing before himself. Of these, however, he was afterwards unmindful. In like manner, after the hearing before Madden in 1906, he received the representatives of the Lewis Publishing Company. Again he was ready with assurances. A special commission would be appointed, he said, to investigate the claims of the company. If the finding of the Citizens' Committee were confirmed by this commission, the company's appeal would be sustained. By these tactics the postmaster-general once more won the entire confidence of Lewis and his associates. Again they left his presence gladdened by the belief that in the highest quarters of the Department, in the last analysis, justice, long sought and long denied them, could be obtained.

THE RIDDLE OF THE SPHINX-LIKE CORTELYOU.

Conspiracy is among all crimes the most difficult to establish by legal evidence. Its very essence is the act of two or more persons uniting to commit an overt wrong. This crime most often develops by means of a series of secret conclaves among the arch-conspirators or the word of mouth fetchings and carryings of a go-

between. The consciousness of wrongdoing most often seals the lips of the conspirators. It almost invariably precludes them from putting upon paper any incriminating evidence of their intent. A very celebrated case has recently given much prominence to the possibilities of the modern invention known as the dictagraph in the detection of this class of crimes. One of these devices, secretly concealed in an apartment, has power to transmit to listening ears (by means of wires similar to those employed in the telephone), every word and intonation of any conversation which takes place within its range. What confidential councils, what revelations of intent and motive, what pledges of mutual loyalty may have been exchanged in the office of the postmaster-general at Washington upon occasion of the frequent visits of Inspector-in-Charge Fulton and the postmaster from St. Louis, are still matters of conjecture. One may fancy that the record of a dictagraph at Cortelyou's elbow during the many conferences which he acknowledges having had with Assistant Attorney-General Goodwin, Fulton and other aids, touching the Lewis case, might prove more illuminating than the testimony of the same officials under the congressional probe. However this may be, the mystery which concealed from Lewis and his associates what took place behind the official screen at Washington has, in part, been cleared away. The attitude and relation of the third assistant postmaster-general toward the Lewis case, and the resulting controversy between him and his chief, have been disclosed. We are now to endeavor to read the riddle of the sphinx-like Cortelyou. At least we shall see how, when, and under what circumstances the postmaster-general was compelled to show his hand.

General Madden makes the following statement, in substance, touching the appointment of the Fettis Commission:

At the hearing, Lewis was unable to present any satisfactory evidence to enable me to determine the question at issue. This question was an entirely numerical one, namely, how many subscribers there were of each magazine, of issues in dispute; and the number of copies of those issues mailed. If the number of subscribers was equal to one-half the copies mailed, there was, under the rule applied, no excess. The evidence in the case weighed tons. I therefore asked Lewis if he was willing to have us send a commission to make a count of the original orders. He agreed to that. The Commission was appointed and directed on my own initiative, but on an understanding with the postmaster-general. I submitted to him my instructions to the commission.

There were five persons, four of whom were special agents, authorized by law for the classification division of the third assistant's bureau. They were experts. They had instructions to count only the written subscription orders of the subscribers themselves. That would determine whether or not there was a legitimate list of subscribers for each magazine. Upon the findings of the Commission depended whether action should be taken as recommended on the broader question of the rights of the magazines in the second-class mails.

This Commission required the assistance of sixty clerks from the St. Louis postoffice. The postmaster at first refused to detail any clerks to assist, but I appealed to the first assistant, and the clerks were supplied.

The Commission occupied three and a half months in making the count, and the publication of its report was deferred for several months more. The report was finally submitted to me under date of January 3, eight months, to a day, after the date of my letter of instructions.

THE PENROSE-OVERSTREET COMMISSION.

A better understanding will be gained by looking ahead at this point to learn why the report of the Fettis Commission was not submitted earlier. General Madden appears to have reached the conclusion that the reforms of the second class, upon which he had set his heart, could not be carried to a successful issue on the basis of existing law, because of the interference of the postmaster-general. The existing postal legislation was sadly in need of revision. It was (and still is) antiquated, inadequate, and so loosely phrased as to leave altogether too much latitude for administrative construction and discretion. Previous postmasters-general had allowed the third assistant freedom to work out the necessary reforms by a system of office regulations and devices of construction. Publishers who felt themselves aggrieved had taken several of these rulings into court. Almost without exception, the third assistant had been sustained. There had thus been established a system of legal precedents which in time would, perhaps, have remedied the deficiencies of the law. The intermeddling of Cortelyou, however, and his apparent lack of confidence in the third assistant, seem to have forced General Madden to conclude that some other course must be adopted.

The third assistant, finding that uniform and impartial administration was hampered, appealed to the postmaster-general to recommend that Congress appoint a commission to consider the whole subject of second-class mail matter, and enact a new and comprehensive law. He further recommended that the work of reform be suspended until this commission had reported and Congress had acted. The postmaster-general acquiesced.

The third assistant then prepared for the postmaster-general's signature a communication for the committees in the House and Senate. Congress responded. Three senators and three members of the House were appointed. The postmaster-general then commissioned the third assistant, under date of July 14, 1906, to represent the Department before the commission. This was the Penrose-Overstreet Commission. It sat during the entire summer of 1906, at the Holland House, New York, and presented to Congress, at the close of its labors, an exhaustive report covering the whole subject of postal legislation. It also submitted a bill embodying a project to amend and codify all existing postal legislation by means of a single act. This measure was not adopted by Congress, but the report of the commission and the bill which it proposed stand as the most important landmarks in the progress of postal legislation. The reader will recall our quotations in a previous chapter from the findings and recommendations of this commission.

The secretary of the Penrose-Overstreet Commission was Henry Glassie, special counsel appointed by Congress for the bureau of the third assistant. He was selected on the recommendation of that official. By instruction of the postmaster-general, Madden also placed himself wholly at the disposal of the Commission. His time during the summer and fall of 1906 was occupied almost wholly by those duties. The Commission, in its report, expresses its warm appreciation both of his assistance and of his capacity as an executive and administrator of the postal law. The whole course of Madden's reform and especially the appointment and report of this Commission (which results were well known to be due to his initiative and capacity), reflected exceptional credit upon his administration. The summer and fall of 1906, therefore, found him enjoying unusual influence with Congress. He apparently was high in the councils of the Administration. Except for the Lewis case, there is every reason to suppose that he would have been retained in office, and that the doors of the Cabinet ere long might have been opened to him.

THE FETTIS COMMISSION AT ST. LOUIS.

Madden was keenly alive to the fact that his handling of the Lewis investigation had not met the approval of the postmaster-general, and that it might prove a stumbling block in his career. The whole atmosphere of the Postoffice Department was by this time charged with intense hostility to Lewis and his enterprises. Common rumor in departmental circles was that Lewis was to be "put out of business." His publications were to be silenced. He himself was to be convicted and imprisoned. The honor of the Department was thought to be at stake unless it could make good the charges its spies had brought against him. A man of less firmness and moral integrity than Madden would have bent to the storm and conformed to the manifest wishes of his superior. Madden merely sought to be excused from handling the Lewis case. In this, unluckily for himself, he was unsuccessful. In this connection, he says:

After the appointment of this congressional commission and of the third assistant to represent the Department before it, I made those circumstances an excuse to apply to the postmaster-general to take the case of the Lewis Publishing Company, which he had sent to me April 14, out of my hands. Although the reform work was now suspended as to all others, I was morally certain there would be no abatement of the campaign against the Lewis Company. The postmaster-general refused. He said: "You must act in that case."

As the first duty of the third assistant must now be to the congressional commission, and it would take months of his time, it was deemed unfair to require the company to continue, indefinitely, to deposit cash in trust with the postmaster to cover the postage on alleged excess mailings. * * * By this time, something less than thirty thousand dollars had been deposited. It was now arranged, because of the time which would elapse before there could be a decision on the appeal, the company might file a bond with the postmaster to cover the alleged excesses for the probable

mailings of the magazines before a decision could be expected. A fifty-thousand dollar bond was accepted.

The third assistant did not finish his work with the congressional commission until late in December, 1906. The commission did not report to Congress until some time later. The postoffice commission, to count the subscriptions in St. Louis, did not render its report until January, 1907.

The appearance of the Fettis Commission at St. Louis was the signal for renewed activities on the part of the Triumvirate. The postmaster and the inspectors, prior to the hearing, had refused to submit the evidence in their possession to the third assistant at Washington. Now, however, they insisted upon submitting to the Fettis Commission such part of it as they thought would not prejudice the criminal case. They were told that the instructions of the commission did not admit of their considering any evidence not previously submitted at Washington. The Commission avowed its purpose to confirm or disprove the count of the Citizens' Committee, since this had been advanced by Lewis as the basis of his appeal. The postmaster and the inspectors protested vigorously against this proceeding. They took the ground that the count of the subscription cards by the inspectors in October, 1905, ought to have been taken as the basis of the investigation. The postmaster even went so far as to refuse, until overruled by the Department, to furnish the clerks requisitioned from the St. Louis postoffice for the purpose of this count. He then protested that the written instructions of the third assistant to the Fettis Commission were in many respects inadequate. His contentions were sustained by the postmaster-general. Supplementary instructions were issued to the Commission in conformity with his request.

CORTELYOU SHOWS HIS HAND.

To make assurance doubly sure, the postmaster and the inspectors now desired the privilege of conducting an independent and secret investigation under cover of the Fettis Commission, and without Lewis' knowledge or consent. This they first sought to provide by arrangement with Mr. Fettis, the chairman. Failing in this, they appealed to the postmaster-general. Cortelyou was thus finally compelled to show his hand. Lewis, before the Ashbrook Committee, made the following statement:

The Fettis Commission had been at work but a short time when we noticed several men who were not working with the rest, but off to one side. My attention was first called to them by Mr. Walter B. Stevens. This was a joint investigation, and it had been distinctly agreed that it should be open and that we should be fully cognizant of everything that was done. We had nothing to conceal. But there were indictments hanging over us, and the presence of two or more men there whose mission we were unable to learn did not seem right. They were going into our papers and books at random.

I inquired of Mr. Fettis at once what it meant. He said he did not know, but if I would inquire from the postmaster, Mr. Wyman, I probably would find out. I called up Mr. Wyman and asked him. He told me it was none of my business. I said I thought it was a good deal of my busi-

ness, and I should certainly make it so under the circumstances. A day or two after that the number of men increased. I entered a vigorous protest to Mr. Fettis, and another to Washington, charging bad faith, and asking what these men were doing. Later Fettis came down to the office and stated that the men were part of his Commission and were working under him. Our representative said that this seemed to be the case and that it then seemed to be perfectly regular. Mr. Fettis seemed to be an entirely reliable sort of a man. I had a great deal of confidence in him. I dropped the matter, as I supposed those were the facts. In view of the circumstances and conditions under which this investigation had been ordered, the agreement that we had and the fact that there was an indictment hanging over us, we looked on this proposition as an outrage.

MR. ALEXANDER: In other words, you did not consent to the investigation in the manner it was conducted by the Government?

MR. LEWIS: Not at all.

MR. ALEXANDER: And would not have consented if you had known it was to take that course?

MR. LEWIS: Certainly not—a secret investigation. We had already had too much secret investigation. The sole stipulation was that this should be an open, above-board investigation; that we should be cognizant at all times of everything that was done, and should be furnished each day with a duplicate record of the results of that investigation.

The first complaint of the Lewis Publishing Company as to the presence of the postmaster's special representatives was forwarded on June 19 by the third assistant to the postmaster-general. Additional complaints were forwarded on June 20 and June 22. The following is from Lewis' letter of June 16:

We beg to enter a most respectful protest against what appears to be a most unjustifiable and unnecessary attempt to use the present investigation being made by your special commissioners as a cloak to further the purposes and designs of local postal officials, who have already procured criminal indictments against officers of this company in connection with the mailing of our publications. For some two weeks past, two clerks, working separately from the remainder of the clerks, and apparently under direct and continuous orders from the postoffice inspectors, have been conducting a separate and independent investigation into our matters, receiving their instructions and reporting continuously throughout the day from and to the local postoffice inspectors and Mr. Wyman, the St. Louis postmaster.

We entered a respectful protest to Mr. Fettis, and for two days they did not appear. Yesterday, they again appeared and continued their former proceedings, copying papers and documents and apparently conducting some special investigation of their own, entirely outside of and independent of that being made by your representatives. We are informed by your Mr. Fettis that these men are not under his jurisdiction, nor are they acting for him as a part of the present force under his charge, but that their investigation is a separate and independent one, so far as he is concerned.

You are well aware of the criminal indictments pending against the officers of this concern. We have today made a formal demand on Mr. Wyman for a letter from him, advising us of his purpose in this present investigation, and giving us some credentials for the men now, apparently acting for him. He declined to give us any information in writing. We most respectfully protest against this interference with the present open and, what we believe to be, entirely fair investigation, and submit that in view of the present proceedings, such course of action on the part of the postmaster and the local inspectors should not be tolerated.

In response, the third assistant received a memorandum from the postmaster-general which he characterizes as "the most as-



¹First (1908) convention of Pioneers, the traveling representatives and organizers of the American Woman's League ²The second (1909) convention ³Local Representatives, successors of the pioneers, assembled at the first general convention of the American Woman's League, June, 1910

These groups show clearly the remarkably rapid growth of the League movement



¹First Convention of Regents of the American Woman's League called for the purpose of organization, January 10, 1911

²Second Regents' Convention, August 6, 1911, called to take over the management of the League from the Reorganization. The Regents' Publishing and Mercantile Corporation was organized during this convention

tounding proposition that I ever heard of in all my life." After reviewing the facts complained of by Lewis, Cortelyou gives the following definite instructions:

I desire that Mr. Fettis be emphatically reminded that it is his duty to obey instructions and not to make comments thereon, particularly to persons whom he is investigating; that he shall, as was contemplated in my previous instructions, assume direction of the clerks referred to; that their investigation be made a part of the investigation being carried on by him; that the information so obtained be transmitted daily to you by Mr. Fettis, and I desire that it be by you promptly transmitted to me. Mr. Fettis should not disclose to Mr. Lewis the information thus obtained.

General Madden makes the following statement in this connection:

The matter may be briefly explained. Presumably the postmaster-general had again placed the case in the hands of the third assistant. The work of determining the simple question of how many subscribers there were for the issues in dispute was, by consent of the company, conducted at its establishment. This was for the convenience of the postal officials as well as the company. If the company had objected to the presence of the officials in its establishment, the subscription orders and records might have been sent to the postoffice, where the count would have had to be made. The Commission could work in the company's offices only by its courtesy and consent. President Lewis now complains, on June 16, that this investigation of the third assistant is being made the cover for some secret inquiry conducted on the side by the postoffice inspectors and the local postmaster, for some purpose of which he is not informed and of which he is unable to get a satisfactory explanation. Here, in that company's plant, under cover of the third assistant's open investigation to make a mere count of the subscriptions, he was conducting some sort of a secret inquiry into the books and papers of the company, surreptitiously, making the company believe it was part of my investigation to determine those matters that were given to me to determine, using my commission as a cloak to deceive the company.

Acting under these instructions from the postmaster-general, the third assistant wired the chairman of his special commission in St. Louis to assume charge of the men working on the secret commission, as if they were working for him, cause them to report to him, but not to disclose what they had obtained, and send the results daily to the third assistant. On June 28 the first package containing the results of the work of these men was received by the third assistant. He transmitted the package, unopened, with a memorandum to the postmaster-general. The packages came daily. All were so transmitted.

On June 23, I received the letter from the postmaster-general, instructing me to carry out this deception by means of having my men cover up this secret inquiry. It was about 5:00 p. m. when his messenger handed it to me. I read it, and while I have heretofore spoken of my suspicions of what was going on, I was astounded. I could not believe Mr. Cortelyou meant that. I thought he must have been mistaken, or he had signed a letter prepared for him by some one else, without considering what it really meant. I called his office on the telephone and asked his private secretary to get an interview for me right away. I went right over, placed the letter before Mr. Cortelyou and said, "Mr. Cortelyou, do you really mean to have such a thing as that done?" He looked at the letter again and said: "I have considered the matter thoroughly; I want my order carried out." That was his answer. I walked out, astounded that it had become possible in this country for a man capable of such an action to become postmaster-general.

This deception was completed by the following memorandum of the postmaster-general to the third assistant, under date of July 6:

Referring to your memorandum of 23rd ultimo, in relation to the case of the Woman's Magazine and the Woman's Farm Journal, of St. Louis, and in which you advise me that you have instructed Mr. Fettis as follows: "Assume charge of clerks working under your agreement with postmaster. Do not change their duties. Cause them to report to you, but do not disclose information they obtain. Send results of their work daily to me." I desire that this work shall form a part of our general investigation in the case of the two publications above referred to, and that Mr. Fettis be instructed that hereafter, instead of following the present procedure, he is to deliver the slips daily to the postmaster at St. Louis, who has been instructed to report to me personally from time to time regarding them.

General Madden sums up the incident in the following manner:

No effort is here made to characterize this deception which the postmaster-general practiced on the publishing company. The records speak for themselves. According to the Constitution, the people are guaranteed security in their papers and effects against unreasonable searches, and searches are authorized to be made only upon warrant issued upon probable cause, etc.

Note how artfully the thing is done. The company's books and papers had been thrown open to the third assistant's commission. Practically, it has possession of the company's offices. The chairman of the commission is required to assume charge of these secret agents as if they were clerks working for him. In that way access is gained to the books and papers of the company. The sealed reports, to keep up the deception, are handed to the chairman of the commission. Lest the fraud be noticed, the results are forwarded by the chairman to the third assistant at Washington, to be handed to the postmaster-general. They are then handed to the postmaster at St. Louis, who is instructed to report to the postmaster-general "personally from time to time, regarding them." But what is all this for? In the administration of what postal law are such things required?

THE POSTMASTER'S MODE OF DEFENSE.

The use to which the names, thus secured from each of the lists of subscribers counted by the Fettis Commission, were put, was made known to the company by complaints of its agents and subscribers, of renewed circularization and inquiries through local postmasters. Following is a copy of the circular signed "Frank Wyman, Postmaster," received by one of Lewis' agents:

The Department has been informed that a certain patron of your office (naming him), acted as agent for the Woman's Magazine, published at St. Louis, Mo., sending in lists of subscriptions to the publishing company during the year 1906. It is desired that detailed information be obtained as to the following specific list of subscriptions sent in, the number of subscriptions being six. Among them appear the two following names and addresses (naming them): The information sought is of the utmost importance to the Department, and it is desired that you secure same from agent personally, if possible, and return to me with as little delay as possible.*

*Space was provided at the foot of the sheet for the following information:

The date, both month and day, that the list was sent to the Lewis Publishing Company. The amount remitted with the list. How the remittance was made, whether by money order, express order, currency, stamps, or otherwise. If money order, the date shown by the postmaster's records. Also whether or not the agent won a prize.

A more effective device for destroying an agency organization was never concocted, although there is no evidence that the postmaster either knew or cared whether or not his inquiries would have that effect. Very few agents preserve records which would enable them to reply with accuracy to such questions as the above. Nor do most persons care to communicate their private business to their neighbors or be subject to interrogation by postmasters, letter carriers or other petty officials. Speculation as to the reason why such inquiries were deemed necessary was unavoidable. Taken in connection with the fraud order, the fact of which was known to every postoffice employee, there could be but one logical conclusion. The Lewis publications were deemed fraudulent, and an effort was being made to exclude them from the mails. Each different classification of Lewis' clubbing lists gave rise to a slightly different circular, in addition to which a variety of special circulars were forwarded to the subscribers direct. These were, of themselves, sufficiently injurious. But the postmaster, in his anxiety to successfully defend himself and make good, against the publisher's appeal, the position which he had assumed, caused to be printed and enclosed with his circulars to other postmasters the following extraordinary personal memorandum:

To My Brother Postmasters: The Department has before it a case of unusual gravity, and while you may have heretofore received similar letters, it is of paramount importance that you respond to this one. Its relation to the case is more vital than any others. I therefore strenuously urge that a careful and prompt response be sent me, with the fullest possible information, as I am following the Department's directions, and am compelled to seek your aid as stated.

This last test caps the climax. The postmaster, with the aid of Cortelyou, first foisted onto the Fettis Commission, over the protests of the chairman of the commission and the third assistant, the clerks necessary to secure these names. With the consent of Cortelyou, he caused this information to be secretly obtained. This was in direct violation of the agreement with the publisher that the entire investigation should be open, and that his representatives should have knowledge of all that was done. He then made use of the names and addresses thus obtained in a manner, than which it would be difficult to imagine anything more injurious to the publisher. To make confusion worse confounded, the clerks employed upon this work were guilty of numerous errors. Circulars relating to the Woman's Magazine were sent to subscribers of the Woman's Farm Journal, and vice versa. The same individuals frequently received the same blank to be filled out a second or third time. Subscribers were repeatedly catechised by mail carriers and summoned to the postoffice. Those neglecting or refusing to fill out the first circular, received a second or third importunate demand. Altogether a condition of terrorism was inflicted upon the subscribers and agents. The result was that many subscribers denied that they had ever ordered the publication. Many others

wrote the publisher to discontinue their subscription. They did not wish to be subjected to this species of petty persecution. The inspectors' review of the case discloses that the purpose of the postmaster was to test by circularization the names and addresses thus obtained. Lewis testifies that no fewer than 121 of these injurious circular letters have been sent to patrons. A Gatling-gun could not be more effective in mowing down a subscription list.

REPORT OF THE FETTIS COUNT.

The company's representatives attached to the Fettis Commission made a preliminary report on August 20. They asserted, in brief, that the count of the Citizens' Committee was affirmed. This report was drafted by Walter B. Stevens. It bears the signatures of Messrs. Stevens, Ambrose, Thompson, Putnam, and Coakley, as representatives of the company. It is summed up as follows:

In conclusion, the undersigned repeat that the investigation, searching and rigorous as it was, did not cast a cloud on the integrity of the subscription lists of the Woman's Magazine and the Woman's Farm Journal. The system of handling these subscriptions is very simple, almost crude. An elaborate system is not to be expected of a ten-cent monthly magazine. But simple or crude as the system is, the investigation left no doubt that these hundreds of thousands of subscriptions have been coming to the Lewis Publishing Company for years, and are still coming. The subscriptions are genuine. They twice have been counted within the current year, and the results substantially agree.

The Fettis Commission completed the actual count about the middle of August, but prolonged its investigation at St. Louis into September. Considerable labor was then required to digest its findings and formulate its report. That was vacation time in the Department. The third assistant postmaster-general was occupied with the Penrose-Overstreet Commission, and could not have entertained the report, had it been presented. He, therefore, gave instructions that it be deferred. When finally delivered to him on January 3, it contained an exhaustive summary of the facts ascertained.

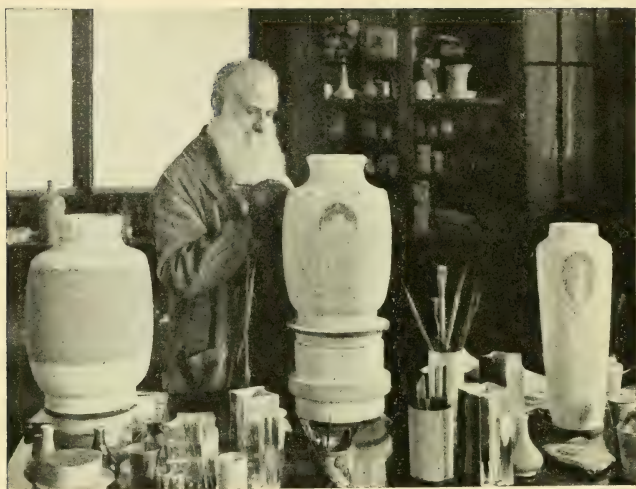
MADDEN'S FINAL REPORT.

The third assistant devoted several weeks to a careful analysis of the report of his special commissioners. On February 7 he rendered his decision to the effect that no excess copies had been mailed during the period covered by his investigation. Ordinarily, his decisions were transmitted direct to the postmaster. General Madden asserts that in no other case during his long term of service did he submit an official decision to the postmaster-general before transmission. Owing to the unusual circumstances of this case, however, he made a full report of his findings and the basis for them, to Cortelyou. Exactly two years had elapsed, by a coincidence, between the date on which the investigation was opened by the inspectors on February 7, 1905, and the date of the third assistant's final decision on February 7, 1907. Madden stated in his communication to Cortelyou that he proposed to make an ex-



¹Faculty of the school of Ceramics of the Art Institute of the American Woman's League. The most notable group of Ceramic Artists and experts ever associated with an American institution. From left to right, Frederick H. Rhead, Emile Diffloth, Samuel Robineau, Mrs. Adalaide Alsop-Robineau, Eugene Labarriere, Taxile Doat, E. G. Lewis

²The famous Scarab Vase, by Mrs. Adalaide Alsop-Robineau, which took the Grand Prix at Turin, Italy. Shown with other vases when the kiln in which it was fired was first opened



¹Studio of M. Taxile Doot ²Studio of Mrs. Adalaide Alsop-Robineau, Art Institute of the American Woman's League
Foremost Ceramic artists of Europe and America respectively Mrs. Robineau is engaged upon the scarab vase which won an international medal at the Turin, Italy, Exposition, 1911

haustive report in three divisions. The first was to deal with his decision on the local postmaster's appeal. The second was to touch upon the rights of the publications in the second class. The third was to contain his views on various related topics affecting the entire postal administration. Only the first section of this report was ever completed and submitted to Cortelyou. After reciting the provisions of the postal law and the methods and findings of the Fettis Commission on the issue of a legitimate subscription list, the conclusion was reached that "under no rule of the Department, so far applied to any other publisher or publication, could any exception be taken to the great bulk of the subscribers on the list."

The following paragraphs are quoted to indicate the spirit of fairness with which the third assistant approached this delicate and complex problem, and his firm and statesmanlike grasp of the grave issues involved:

There is no authority of law for holding that a subscription must be paid in advance, nor for holding that every subscription terminates at the expiration of the period for which it is written. It is upon this construction, existing since the passage of the act of March 3, 1879, that the carrying of expired subscriptions is permissible. * * * So far we have never had any rule at all on this subject, other than the one quoted from Circular XXV. This is indefinite as to proportion and length of time. Nor has it yet been applied in a single case. The necessity of a rule, fixing definitely the proportion and the time permissible to carry expired subscriptions, has frequently been felt, but the point has not been reached where it was considered wise and timely to formulate and publish one. The advance of the reform must not be headlong or indifferent to the equities of the situation. It must be by steady, well-thought-out, well-planned, and conservative degrees.

This expired subscription feature is only one phase of the great postal problem. This is a universal practice. Whatever rule may be adopted definitely fixing the limits of proportion and time as to credits and expirations, is certain to shock the publishing industry to its very foundation. * * * Many publishing houses carry expired subscriptions three or four years. The practice varies according to what the publisher himself deems to be in the best interests of his business. A rule definitely limiting the privilege is certain to meet strenuous opposition as a curtailment of the publisher's right. But for the privilege of carrying expired subscriptions for a number of years, it is said that the country press could not exist. The publishers appearing before the meeting of the Postal Commission in New York, October last, argued that they should be permitted to carry expirations at least a year and a half.

The same spirit of fairness in criticising the publisher upon one hand, but recognizing his legal rights and equities upon the other, is shown in the following excerpts:

Since there is no definite existing rule of limitation to apply to credits and expirations, to make a special rule for this case would be unwarranted and open to serious criticism. To give any such rule effect, it would be necessary to apply it *ex post facto*, penalizing a practice not in conflict with any existing rule. This would have to be done in face of the publisher's repeated statements that he stands ready to meet any and all requirements or limitations of the Department as soon as shown.

I believe the publisher of the *Woman's Magazine* is violating the spirit of the second-class privilege by carrying such a volume of expired sub-

scriptions; that it is an abuse; that it results in other abuses; that it is unfair to the Government, and that it is reprehensible and ought to be dealt with. But I am compelled in justice to state that, in this regard, this publisher is no worse than many others in his class. Indeed, it is known that his case is by no means as flagrant as some others. It is understood that some publications in this class carry expired subscriptions without any limit save the convenience of the publisher. With some of them, the securing of a subscription means that the name will never be cut off their list, renewal, or no renewal. Once a subscriber, always a subscriber, is their rule. Then again, some of our best publications carry expired subscriptions for several years. * * *

I rest on this question by stating my condemnation of the practice, but finding that there is no existing rule which I would be justified in applying to the expired subscriptions in this instance, either as to the proportion carried or for the length of time, as a ground upon which to rest in deciding whether or not there has been an excess mailing at the pound rate. When a general rule is formulated, and due notice has been given when it will take effect, this publisher, with others, will be required to abide by its terms, whatever they may be.

MADDEN'S DECISION.

Under the head of the "Publisher and the Public," the third assistant thus discusses the conduct of the entire case:

In treating this case, it was necessary for me to take great pains to be wholly uninfluenced by the estimates or opinions of others, or of myself, as to the character of the publisher. Whether he be good or whether he be bad, has nothing to do with the rate of postage on his periodicals. It is all a question of law, fact, rules and departmental practice as affecting the periodical itself. The publisher and the publication must be treated under exactly the same rules as all others. That has been done. There has been no stretch of any ruling to cover any question. This case, however, is unusual in that, so far as known, never before has any publisher's business or business methods been subjected to such a raking scrutiny. The minutest details have been examined into for the purpose of rendering a decision on this excess question. If the Woman's Magazine be in whole or in part an abuse of the second-class mailing privilege, it must, in justice, be said that it does not appear to be as flagrant as others in its class, which have come to attention and which, for prudential reasons, the Department has not undertaken to deal with, action having been deferred until the class can be taken up as a whole and uniform rules be applied to all. So far, the Department has not been free to take up and deal with this class, nor has it been equipped for such a campaign. It is alleged, and it is generally understood, that with this kind of periodical, great abuses of the second-class privilege exist. Many of the claimed lists of subscribers are not legitimate, as required by law. In other particulars they do not comply with the law's requirements. However, they all are substantially alike, varying only in degree in one particular or another. Therefore, the wisdom of singling out one or two publications to be dealt with, in advance of being ready administratively to handle the class as a whole, may well be doubted. Certainly, this can not be done without the most serious embarrassment to the operation of uniform, impartial and efficient administration of the second-class mail problem. * * * This case did not originate with, and was not under the direction of the third assistant postmaster-general until it was, by your letter of April 14, transferred to him. If the postmaster conceived the Woman's Magazine to be an abuse in whole or in part of the second-class privilege, it was his duty to report his reasons for so believing to the third assistant postmaster-general, and await instructions. It was wrong for him to proceed on his own motion and according to his own methods and judgment. * * * My decision is that under no existing rule did the

publisher of the Woman's Magazine mail at the pound rate copies in excess of his privilege at that rate with the issues from October, 1905, to May, 1906, both inclusive.

Under the ordinary procedure of the Department, Madden's decision would have been final. If the St. Louis postmaster was dissatisfied with this decision, the way was open for him to appeal to the postmaster-general. This case, however, is unique. No parallel to it can be found in the annals of the Department.

MADDEN "BROKEN" BY CORTELYOU.

Since the policy suggested in the famous "concerted action" telegram to Inspector Fulton had miscarried, by the refusal of the third assistant to summarily withdraw the second-class privilege from the two publications, on the inspector's recommendation, this case, and this alone, had been marked for the especial attention of the postmaster-general. The case had originated with the inspectors. Cortelyou had accepted their findings as to the bank. Madden had rejected them as to the publications. The third assistant had then been excluded from the case of the magazines, except when emergency demanded that the "proper officer" of the Department be called upon to act. Cortelyou had sustained the Triumvirate at St. Louis to the full extent of the powers of his office. He had humiliated the third assistant, by demanding that his letters be submitted before transmission. He had caused that official's communications to be edited. He had sustained the postmaster's protest against Fettis. He had officially commanded that the Lewis Publishing Company be tricked and deceived. His attitude, as disclosed by all these official acts, was well known to the third assistant. Yet that official had the hardihood to submit to him a final decision reversing the postmaster at St. Louis and completely exonerating the Lewis Publishing Company. The consequences of this decision were disastrous to Madden's official career. The following is his own account of what took place, as afterwards published by him to the world:

A DRAMATIC MOMENT.

The postmaster-general received the report and then closed up, as before, for a full week. Mystery again settled down upon the place deeper than ever. By intuition everybody knew that the report did not please. It was not what was wanted or expected. The third assistant had failed to read the "hand-writing on the wall," that nothing favorable to Lewis was acceptable. There were more secret conferences with the assistant attorney-general. There was much coming and going. An order was given the third assistant not to make known his judgment on the appeal until the postmaster-general gave his permission. This added to the mystery. Such a thing had never before been done.

On February 11, the fourth day after the decision, the third assistant was summoned to the inner office of the postmaster-general. There sat the head of the postal service in a state of suppressed rage. As the street gamins would say, he was "hot." His was the sort of passion where, in the plays and stories, the dirk without warning does its swift and fatal work. There could be no mistake that this angry man hated, with all the venom in him, the person who was in his presence. I had dared to cross him. This was the second time. The first was in July, 1905, when I had

found no just or lawful reason to put the Lewis publications out of the mails in a concert of action with the issuance of the fraud order against the People's Bank. Now I had again decided the wrong way, though really it was the Fettis Commission which had cleared Lewis.

When Mr. Cortelyou could command himself to speak, he said: "The President, sir, will accept your resignation. Please hand it in." "He shall have my resignation," I replied. "I am, of course, aware that my decision on the question of excess mailings by the Lewis Publishing Company was displeasing to you; but it was the only decision which honestly could be made. The commission found the postmaster wrong in his contentions. I could not properly sustain him. The question was one of fact. Did the publisher have half as many subscribers on his lists as he was mailing copies of his publications? After more than three months' work by some sixty-five persons in counting the original written orders of the subscribers, the Commission found and reported that more than half the copies sent out were to subscribers. I decided only in accordance with its findings. I could not do otherwise. Lewis was right. The postmaster was wrong."

"You did not take into account and weigh the evidence which the inspectors and postmaster furnished," the postmaster-general replied.

"I gave their testimony all the weight to which it was entitled. It was not evidence. It was mostly assumptions, which were false and misleading. It could not properly be allowed to weigh against indisputable facts. To permit such assumptions to weigh against actual conclusive evidence would be not only absurd, but unjust and unlawful. I have decided. The decision must stand, so far as I am concerned."

"When you write your resignation," said Mr. Cortelyou, "do not let it show the fact that it was asked for." "I shall comply with your wish," I replied.

THE "PROPER OFFICER" IS REVERSED.

Cortelyou made one further effort to bend the stubborn third assistant to his will. On February 13, he came back at the third assistant with a forty-page review of the latter's decision. According to Madden's statement, "he demanded a review of the case, and practically insisted that the decision be reversed."

Madden alleges that in his opinion, Cortelyou had little, if anything, to do with drafting this letter. The writer betrays a familiarity with the details of the case which could come only from the most exhaustive personal investigation. It is regarded by Madden as unlikely that Cortelyou could have given to the subject the time necessary to master its intricate details. His judgment is that Fulton was brought on from St. Louis expressly to prepare the letter, in an effort to wring from the "proper officer" of the Department the decision desired. Copious extracts were made from Madden's report. These are contrasted with the findings of the postmaster and the inspectors. Then follow comments calculated to establish the fact that Madden's decision ought to be reversed. Space does not permit a full digest of this letter. The position of the St. Louis Triumvirate was, in general terms, restated and affirmed. Cortelyou concludes:

I wish you to reconsider this case, in the light of the inquiries and suggestions contained in this memorandum. You are not to determine whether it is politic or impolitic to rule upon this matter, either the one way or the other. Your duty is merely to examine all the evidence before you, from whatever source derived, and determine whether, under the law, the action of the postmaster at St. Louis was proper and should be

sustained, or was improper in whole or in part and should be reversed. You may have reason to believe that there are other publishers whose methods and practices are as bad as, or worse than, those of this publisher. But that fact certainly has no bearing upon the action which your duty demands you to take as to those features of the case which should be considered without regard to the class to which it belongs.

It seems to me that in giving credence to the claims of the publisher, you have entirely lost sight of the findings of the postmaster at St. Louis and the postoffice inspectors. Certainly the investigations made and reports submitted by those officers are entitled to at least equal weight with the claims of a publisher who is under investigation. It should be remembered, also, that the original investigation by these officers was made at a time when the methods of the publisher were more nearly normal and when he was not contemplating investigation by the Postoffice Department. This was calculated to put the publisher upon his guard, and it is possible that, when your subsequent inquiry was made, however thorough and conscientious it may have been, he had adopted measures which effectively concealed past practices. Indeed, subsequent inquiries by the postmaster and inspectors seem to have developed this to have been true. * * * I desire nothing but a just and impartial report, and will sustain you in making such a report. But I do not feel that, in the absence of a further statement from you in response to the questions raised in this memorandum, I would be warranted in approving your action.

The third assistant responded to the postmaster-general's forty-page letter on March 2, with a brief preliminary memorandum. Later, on the same day, Madden complied with Cortelyou's request, by transmitting a full review of the entire case, consisting of one hundred and sixty-four typewritten pages. A complete review of this communication is clearly impossible here. Luckily, it is unnecessary. In large part, it consists of a rehearsal of facts with which the reader is already thoroughly familiar. The issue between the third assistant and the postmaster-general is sharply defined in the following paragraphs:

You say that the fact that other publishers are abusing the second-class privilege is of no relevancy in this case. I do not understand what you mean by that. It cannot be that you mean one publication should be singled out of a class and dealt with in some extraordinary way, out of accord with the general policy and practice as to the class in which it belongs? I did not, however, decide whether or not the Woman's Magazine is an abuse. I did say that I thought the publisher was abusing his privilege as to carrying expired subscriptions, but the abuse of the publication and its mailings as a whole, and an abuse in the practice of carrying expired subscriptions, are two different matters. You are correct as to no such thorough investigation having ever been made in any case as in the Woman's Magazine. I have already shown in this communication that we never dealt with any case before as we have with this one. * * *

You say that when I have sufficient information that other publishers are guilty of such flagrant abuses, my duty will be plain. I do not quite understand you. I do not know whether you refer to the abuse of carrying expired subscriptions in too great a proportion and too long, or whether your statement is as to the publication as a whole. We now know that there are many abuses in the mail-order type of publications, as that term is generally understood, much more flagrant than in the case of the Woman's Magazine. But I have not reported that it (the Woman's Magazine) is or is not an abuse, taking the business as a whole.

You say that I should take cases up promptly and deal with them according to the law and the facts. You cannot possibly conceive of the volume of business transacted in this bureau from day to day, and what

the effect of such disorderly work would be, and how the singling out in that way of a publication here and there, in one or another class, and dealing with it alone of its class, would bring down upon us such a protest against its unfairness that the public condemnation of our work would soon put a stop to it. We can hope to succeed in this reform work only while we are considerate of the morals and equities of the situation, and are careful to be not only within the law, but to be following a course which will appeal to the public as fair.

You no doubt have the power to direct any course of procedure. But you never before indicated that you desired such a radical change in the policy which has all along characterized the work of this bureau in dealing with this problem. If the second-class were not literally infested with abuses as it is, and there existed only one here and there, we should, of course, take them up as we found them and deal with them regardless of the class in which the abuse was found. But these practices are of long years' standing. The publishers, by reason of non-interference on the part of the Department, are justified in believing that they are not abuses at all. The Department has declared, and has followed all along, the practice of giving notice of changes of rules concerning the application of the law under the reform. The only way we can successfully handle this work at all is by dealing with publications in classes. We must go through one at a time, take the more flagrant class first, and the more flagrant abuse in that class first, as nearly as we can locate them. You do not seem to appreciate that this reform work is a revolution and not an orderly procedure of administering a law from the beginning. The Department itself is not clean. * * *

I spoke of the raking scrutiny given this publisher's business by this bureau, because never before had such an investigation been undertaken. Ordinarily, we require a publisher to prove his right. We do not undertake to prove that he has not the right, as was done in this case. In dealing with this case, in this reverse way, it was necessary to keep a force of from sixty-five to seventy persons for upward of three months, scrutinizing every scrap of paper which furnished any evidence upon the question of the subscription list. It is believed that not many publications could survive such an ordeal. What might happen in the entire field while we were concentrating all of our energies on one case may be left to conjecture. To make any sort of progress at all, under such methods as were pursued in the Woman's Magazine case, we should require a thousand additional employees, available all the time in the field, as well as an addition to the departmental force, to deal adequately with the matters arising, from day to day, in connection with such investigations. We should not have taken up this case as we did but for the manner in which the issue had been drawn at the time it was transferred to me. * * *

The postmaster's and the inspectors' case seems to rest, in the last analysis, upon the theory that expired subscriptions may not legally be counted. In this proposition, knowing the universal practice of publishers and the rules of the Department, it is impossible for me to concur.

THE LAST TWO DAYS AND NIGHTS.

Only two days now intervened before the close of the administration of Cortelyou as postmaster-general. These closing hours of his administration appear to have been very largely devoted to the case of the Lewis Publishing Company. The third assistant's decision, supported by his lengthy review, created a presumption in favor of the publisher which might have weight with the succeeding administration. It might leave a blemish upon Cortelyou's career, should the facts ever come to light. Then, too, this was the last opportunity the postmaster-general would have to sustain the Triumvirate at St. Louis. The third assistant standing firm, and his resign-

nation having been requested, the case could not be decided against the publisher unless Cortelyou was willing to assume full responsibility. The record must be set right. The Triumvirate must be sustained. Preparations must be made to meet the storm of criticism certain to be raised by Lewis and his associates. The two days intervening between the final review of the third assistant, affirming his decision in favor of the publisher, and the hour in which Mr. Cortelyou vacated his office, bore fruit in a letter to the third assistant, severely rebuking him for his alleged mismanagement of the entire case. From that epistle, the following extracts are taken:

Inconsistencies, evasions and statements flatly contradictory of each other run through the whole length of your communication. The explanations and excuses offered in support of the position which you have taken are so flimsy and so lacking in every element of common sense and reason, that it is amazing that an officer of your experience and assumed expert knowledge of the subject to which the communication relates, would be willing to take responsibility for preparing and submitting it to his official superior. You have obscured the situation by including in this voluminous communication a vast amount of irrelevant comment and numerous misleading and untrue statements. Your object seems to be to place the postmaster-general in a false position, and to throw back upon him the responsibility and discredit which attach to your inexcusable mismanagement of this whole matter. * * * You have taken up these two questions in the inverse order, deciding that there have been no excess mailings by the company, but leaving undetermined the question whether the two publications are entitled to second-class privileges. No reason is given for this change in the mode of procedure directed by my letter; and *you knew that, at this late date, I could not wait for your finding upon the question of the second-class privilege.* * * *

You say that what the postmaster at St. Louis did in pursuance of his inquiries as to alleged excess mailings by the Lewis Publishing Company; what the postoffice inspectors found in the course of their investigations; what has been sworn to by employees and ex-employees of the company; what declarations have been made by the president of the company against its interests; what its published, and presumably established, rules were as to expired subscriptions, and, in fact, every other matter, except the count of subscription letters made by your commission and the actual receipts of the postmaster showing weights of mailings, have received no attention or consideration from you whatever. That an officer acting in a quasi-judicial character, as you assume to be doing, should put out of view such material and important evidence and testimony, is incomprehensible. * * *

I am not able, in the brief time remaining before my retirement from this office, to comment in further detail upon the matters set forth in your memorandum by way of excuse or explanation of your action. I shall, however, give them further attention later, and see that the results of such attention are embodied in the official records of the Postoffice Department.

Cortelyou has testified as to this communication, to the following effect:

The subject of this letter was discussed with the officers of the attorney-general's office and some of the inspectors. I don't recall how many. I talked with the assistant attorney-general, Judge Goodwin; probably with Mr. Fulton, and several others. I don't know how far my conversations went at that time. I do not recall their advising the writer as to this letter, but the document that I received called for a comment of some sort, and the brief time remaining in my administration admitted of my writing only that. As to some of the facts and figures, I called upon the

gentlemen who have been working on the case for months and incorporated their facts and figures and such statements that I had indicated I wanted, as a framework for a reply. I then dictated the salient portions of that letter to my stenographer. *I devoted practically, you might say, the last two days in my Department to this case, and two whole nights.* The statement that I could not wait was due to the fact that I thought I should not turn over to my successor a burden I had had for two years. It would have taken him six months to familiarize himself with the matter. I worked days and nights for the purpose of clearing up those facts with which I was personally familiar.

"ASSASSINATION" OF THE WOMAN'S MAGAZINE AND FARM JOURNAL.

After thus clearing the way, by removing the third assistant and rebuking him for his "inexcusable mismanagement," Cortelyou, during the closing hours of his administration, addressed to the postmaster at St. Louis two letters over his own signature. The first sustained the postmaster against the appeal of the publisher as to alleged excess mailings of the Woman's Farm Journal and covered into the treasury the cash deposited at the so-called transient second-class rate. Not content with this, however, Cortelyou took up and sustained the recommendation of the postmaster that the second-class entry of the Woman's Farm Journal be withdrawn. He closes this letter with the following paragraph:

You will, therefore, refuse hereafter to accept for mailing, at the second-class rate of postage, copies of the said publication, and inform the publisher that the second-class mailing privilege heretofore extended the Woman's Farm Journal is withdrawn, and that the order granting the same is revoked.

The second letter denies the appeal as to the alleged excess mailings of the Woman's Magazine and covers into the Treasury the cash deposits of the publisher. The postmaster-general then reverts to the original application for the Woman's Magazine to second-class entry on the occasion of the change of name from the "Winner," *five years earlier*, rules that the Woman's Magazine had never been admitted to the second-class, and denies that application in the following language:

In the matter of your recommendation that the Department deny the pending application, submitted August 22, 1902, for entry of this publication as second-class matter, you are informed that, upon a hearing granted the publisher on the same dates (April 30 and May 1, 1906), and upon a careful and thorough investigation of all of the evidence by the Department, I find that the publication does not have a legitimate list of subscribers; that it is designed and published primarily for advertising purposes, and that it is being circulated at a nominal rate, contrary to the law and the regulations of the Department. You will, therefore, refuse hereafter to accept for mailing at the second-class rate of postage copies of the said publication, and inform the publisher that his application for entry of the Woman's Magazine as second-class matter is denied.

The effect of these two decisions was to cover into the Treasury about thirty thousand dollars of the company's money, which had been deposited under protest pending the appeal, and to make the company, in theory, liable on its fifty-thousand-dollar bond for additional excess postage to a considerable amount. The following is

Madden's comment on this phase of the decision before the Ashbrook Committee:

If the officials had, by force, broken down the doors of the company's plant, blown open its vaults and taken the same amount of money therefrom, it would have been no bolder or more high-handed robbery than was perpetrated upon the company by means of this decision of the postmaster-general, false as to law and false as to facts.

The two years' campaign against Lewis' publications was at an end. The Woman's Magazine and Woman's Farm Journal had fallen. As Lewis would put the matter, in his expressive phrase: the Woman's Magazine and Woman's Farm Journal had been assassinated.

LEWIS' GATLING-GUN.

During the summer of 1906, while the investigation of the Fetti Commission was in progress, Lewis was erecting a new fortress and installing therein a Gatling-gun. These were the Woman's National Daily building and the great Goss press, elsewhere described as the greatest printing press in the world. In his statement before the Ashbrook Committee, Lewis remarks that when the Siege most unexpectedly began, he found himself equipped with muzzle-loading rifles, that is, his monthly publications. He was put to enormous expenses to communicate with the stockholders of the bank by letter, for the reason that the Woman's Magazine and the Woman's Farm Journal were made up two months in advance. It was therefore a month or six weeks after each fresh attack of the allies before he could rally his readers through his editorial columns. For this, and other reasons, he had announced the intention of organizing a national daily newspaper for women, as part of the program for the reorganization of the Lewis Publishing Company, growing out of the exchange of its capital stock for the securities of the People's Bank. Partly in commemoration of the bank and partly in the hope that it might be reorganized and developed along the original lines, Lewis resolved to erect a building for the projected newspaper upon the plans originally designed for the bank. The Egyptian Temple was therefore constructed with the funds realized by the Lewis Publishing Company from the liquidation of the bank. In the fall of 1906, this building was completed and the great press was installed.

Notwithstanding indictments and unfavorable newspaper notoriety, Lewis retained, to a large degree, the confidence of his fellow townsmen. A considerable group of St. Louis bankers and business men attended the dedicatory exercises, and one of the foremost representatives of the city of St. Louis and State of Missouri, former Governor David R. Francis, delivered the address. The tribute paid to Lewis by Francis on this occasion indelibly marks one of the milestones in the former's career. The St. Louis Republic devoted a half column to a record of the proceedings. The following paragraphs are quoted:

In the presence of about three hundred persons, the majority of whom were women, the Woman's National Daily building, University City, adjoining St. Louis to the west, was dedicated yesterday afternoon. Former Governor David R. Francis of the Louisiana Purchase Exposition delivered the principal address. Mrs. William H. Lewis, the publisher's mother, pressed the button which at 3:30 p. m. set the big press in motion. The press was decorated with American Beauty roses and strings of smilax.

At the close of his remarks, Governor Francis was presented with a life subscription to the Woman's National Daily. E. G. Lewis was the recipient from the builders of the structure of a diamond-set key, which unlocks the main entrance of the pressroom. The publisher's father, the Rev. Wm. H. Lewis, of Bridgeport, Conn., delivered the invocation. While the press was turning out the papers, Vogel's Orchestra played a march composed by Guido Vogel. The one hundred thousand dollar press, which was recently installed, is said to be the only one of its kind in the country. It can be loaded before starting with newspaper enough to print for the entire edition. From the press the papers are printed at the rate of five thousand per minute and folded into a battery of machines which print the names and addresses of the subscribers on the cover of each paper and wrap it, mailing at the rate of fourteen thousand copies per hour. Under the pressrooms stand the mail cars into which the papers are automatically loaded.

The tribute of Governor Francis to Lewis' integrity, delivered at the dedicatory ceremonies, was clear and unhesitating, and calculated to carry conviction of his honesty and earnestness of purpose. It seems, however, to have angered the St. Louis postoffice authorities afresh. Hardly had the remarks of Governor Francis challenging the justice of the attacks upon and accusations against Lewis, fallen from his lips, than Lewis' new daily was itself assaulted. A new commission was appointed. Soon a fresh investigation into Lewis' affairs was under way.

The limitations of space forbid any detailed description of the bitter and determined attack made by the Triumvirate at St. Louis with a view to throttling this infant Hercules in its cradle. The application for entry of the Woman's National Daily was filed in due course with the postmaster at St. Louis. It was held in suspense by him for several weeks, pending an investigation of the subscription list by the same injurious methods which previously obtained in the case of the Woman's Magazine and Farm Journal. Meantime, Lewis was compelled to deposit postage at the third-class rate. The local postmaster openly boasted among his intimates that he now had Lewis where he wanted him, and proposed to hold up the application for entry of the new publication until so much postage had been deposited that the denial of entry would "break" the company and put it completely out of business.

REPRESENTATIVES AT WASHINGTON.

Lewis meantime organized a Washington News Bureau, in charge of General Robert M. McWade, formerly Consul General of the United States in China. McWade was thus well and favorably known in official circles at Washington as a trained and experienced diplomat of the highest personal integrity. He was a newspaper man of many years' experience. Lewis also retained as Wash-

ington correspondent Arthur Wallace Dunn, formerly representative of the Associated Press at Washington, sometime president of the Gridiron Club, and personally known in official circles as a journalist of the highest probity. Both representatives were trained in political tactics and diplomacy. Both were well and favorably known to Washington correspondents of the press, and indeed throughout official Washington. To them Lewis unbosomed himself without reserve touching the maneuvers of the Triumvirate at St. Louis, and through them from time to time, he voiced his protest and sought to bring the true state of affairs to the attention of both the postmaster-general and the third assistant.

Lewis had for many months bided his time with such patience as he could command, in the belief that once the case of the Woman's Magazine and Woman's Farm Journal was submitted to the third assistant upon the report of the Fettis Commission, justice would be done. Wholly unaware of what was going on behind the scenes, he was hugging the delusion that Cortelyou was standing aloof from the case and would not enter into it except upon appeal, after a decision by the third assistant. In such an event, he had every confidence in the postmaster-general's fairness. Of the rapidly widening breach between the third assistant and the postmaster-general, he knew nothing. Neither was he aware of the extent to which the St. Louis Triumvirate had the ear of Cortelyou, nor of the extent to which they had already profited by the postmaster-general's support.

In January, 1907, Lewis, as publisher of the Woman's National Daily, through the courtesy of Dunn, his Washington correspondent, received an invitation to attend the annual banquet of the Gridiron Club, a fraternal organization of the Washington correspondents of the press. A telegram on the eve of his departure contained the welcome tidings that the entry of the Woman's National Daily had been at last conditionally granted. This good news was in due time confirmed by the following official letter from the postmaster, which, in comparison with his adverse reports against the publication, is a model of brevity: "In conformity with my instructions this day received from the honorable third assistant postmaster-general, I enclose herewith a copy of his communication to me which will explain itself." Lewis, therefore, set off on his Eastern junket with a light heart.

Meantime, the Crumpacker Bill, the full history of which we shall consider in a future chapter, was pending in Congress. Both of Lewis' monthly publications had advocated the passage of this bill. They had appealed incessantly to their readers to petition congressmen in its behalf. The Woman's National Daily, as yet silent on the controversy touching the Woman's Magazine and the Farm Journal, had warmly espoused this measure. The effect of this agitation was to once more direct attention to the circumstances surrounding the fraud order against the bank. The admission to

second-class entry at this psychological moment of the *Woman's National Daily*, Lewis' Gatling-gun, was calculated to widen the breach between Cortelyou and the third assistant. The full confidence reposed by Cortelyou, as the official head of the entire inspector service, in the recommendation of his spies at St. Louis, was such that he probably honestly and sincerely believed the *Woman's National Daily* ought to be excluded from the mails. At any rate, he believed that it might be excluded by an exercise of administrative prerogative. No unbiased student of the official records of this case can escape the conclusion that, had Madden accepted the recommendations of the inspectors, confiscated the publisher's deposit, and stifled the *Woman's National Daily* at its birth, such action would have met with Cortelyou's most grateful approval. Had Madden, in fact, referred his decision regarding the *Woman's National Daily* to Cortelyou before its transmission to the postmaster at St. Louis, he probably would have been ordered to revise and reverse it, as he was actually directed to alter his final decision touching the monthly publications. Happily for Lewis, Madden handled the case of the *Woman's National Daily* "along the usual lines" of his bureau.

After the organization of the *Woman's National Daily News Bureau* at Washington, Lewis was kept advised by daily bulletins of the progress of the various investigations touching his interests, in so far as the facts could be obtained. The extent to which he was misled as to the postmaster-general's attitude may be inferred from his acknowledgment of the information contained in one of these reports from his Washington representatives, in one instance, in part, as follows:

I note that Mr. Cortelyou has directed Mr. Madden to report to him on two points—one, the question of the rights of transmission at the second-class rates of the *Woman's Magazine* and *Woman's Farm Journal*, and the other, the question of excess postage, and that Mr. Madden will report on the latter today and on the former within about a month. I presume your efforts have been responsible for his taking a hand in this matter, and it certainly looks favorable to me. I am inclined to think that Mr. Cortelyou is beginning to think he has been imposed upon, and that we have been imposed upon and outraged in this matter. I believe he is going to give us the square deal he has promised.

Both the third assistant and the postmaster-general were interviewed on January 24, and the correspondents were advised that the report was then in typewritten form, subject to revision, but would be in Cortelyou's hands in the near future. Cortelyou seemed very friendly, and renewed his assurances of a "square deal." Lewis was advised that all indications seemed favorable. The following telegrams were received on the day the third assistant's report was presented to the postmaster-general:

Decision will be handed Cortelyou at six o'clock tonight, and he may give it out tomorrow, tonight or Wednesday. Cannot get a line on what Madden has done, but hope it is favorable. Wyman and Fulton are here, but for what purpose I cannot learn.

The following sinister dispatch was received by Lewis on February 7:

Probably no decision from Cortelyou before Monday. Says he has much to do in clearing up his work to leave the office March 4. He still insists that Lewis shall have absolutely fair treatment, but declares case is important and must have careful attention. Wyman is still here, but what he is doing still remains a secret.

The shadows of the coming disaster now began to grow more threatening. That the situation was ominous is indicated by the following letter, dated February 11:

I suppose you will get this before Cortelyou renders his decision. I will try to pin him down to something tangible, but he is a very cold-blooded fish, and may refuse to say anything or answer any questions. I have been trying to find out what he means by holding up the decision. Sometimes, I think he wants to hold it until too late for a resolution of investigation or anything of that kind to be introduced in Congress. Sometimes, I think he is trying to find something more to your detriment in order to render an adverse decision. He may be trying to get everything possible, in order to back up any decision he may render. His attitude is such that it is rather hard to say just what he means, but I am convinced he does not like Lewis. The passage of the Crumpacker bill through the House was a severe jolt. That alone, if it never gets any farther, was a great victory. It stamps Cortelyou as a man who has been so unjust in his rulings that Congress, or at least the popular branch of it, found it necessary to pass a law providing for a court review of his decisions. He can never get away from that, and he is the kind of man to get very sore over such a thing. I think I have been able to observe a distinctly unfriendly attitude since the passage of the Crumpacker bill, and all the while he has been asserting that he is going to give you a square deal.

Lewis responded to this warning in the following pessimistic vein:

We have about given up all hope of getting any fair treatment out of George B. Cortelyou. I think he has become not only prejudiced, but so thoroughly imbued with the idea that in order to clear his own actions as to our methods, it will be necessary for him to discredit us in some way, and that he will render a decision accordingly. * * * This whole matter is simply an unparalleled outrage. The Woman's Magazine has now about recovered from the effects of the assaults made on it two years ago. The April issue is carrying a line of business that equals anything ever carried by the Ladies' Home Journal. It is nothing short of a crime on the part of Mr. Cortelyou to handle these matters the way he has.

Daily telegrams from this time forward reiterated the fact that Cortelyou's decision had not been promulgated, and that no intimation could be gained as to when it might be expected. Cortelyou made a trip to New York on February 13, and the report was held in suspense, pending his return. Then he left Washington, on February 19, for Canton, Ohio, upon a visit to Mrs. McKinley. No decision had been reached, it was said, but his private secretary admitted that he had reviewed the case.

LEWIS GETS A BIRTHDAY GIFT.

Cortelyou's tenure of office as postmaster-general expired by limitation on March 4, midnight, Lewis' birthday. That night Lewis' fortitude was put to a test which recalls vividly the trial designed by the Adversary in the afflictions of the patriarch, Job.

The children of Job, according to Sacred Writ, were eating and drinking wine at a birthday feast at the eldest brother's house. There came a wind out of the desert which smote the house so that all within it, save only a messenger, were destroyed. At one blow the patriarch was made desolate. The dramatic crisis so vividly and yet so simply sketched by the familiar lines of this pathetic story, grips the emotions with heightened power and deepened intensity, when the scene, as here, shifts to modern life. The imagination far more readily depicts the effects of a like catastrophe under these strikingly similar present-day conditions.

On that night of March 4, Lewis' friends had surprised him with a birthday feast. A large party of his co-workers assembled, and by prearrangement with Mrs. Lewis, a birthday supper was served. No news is good news. It was known that, unless Cortelyou acted against the Lewis publications before midnight, the case would go over to his successor, and would, in all probability, be laid aside. No tidings, good or ill, had come during the business day. As the hour approached when the power and authority held by Lewis' arch-foe was to pass into other hands, the shadow of the Siege gradually lifted from the minds of all. While the gayety was at its height and Lewis was receiving the congratulations of his family and friends, the wind came out of the desert. The telephone bell rang. The call was for Lewis. A message from Washington was read to him over the phone. It apprised him that Cortelyou had withdrawn the second-class privilege from both the *Woman's Magazine* and the *Woman's Farm Journal*. The same hand that had struck down the *People's Bank* had struck again and slain the two best-beloved children of his brain. Even the property loss of millions could not have affected him thus bitterly, had it fallen upon his real estate or any of his other ventures. The death of the *Woman's Magazine* was to Lewis as profound a tragedy as the death of a first-born child.

Lewis says that when he hung up the receiver after hearing the fatal message, his inborn patriotism, for the first time, was deeply shaken. He doubted the integrity of the Government under which he lived. A picture of the utter desolation that the fall of the *Woman's Magazine* would bring to University City, engulfed and enshrouded him. For him to have been stricken dead in their midst would not, he knew, have broken up the gathering of his friends and caused them to depart in a spirit more disconsolate than would the message which he harbored in his own bosom. So, with unmoved demeanor, he went back among his guests, like the Spartan youth who gave no sign, though the fox that he had concealed beneath his robes was tearing at his vitals. After midnight, when the guests had dispersed and his wife had retired, wholly unconscious of the disaster that had befallen, Lewis repaired to his sanctum in the tower to herald to the world his defiance. He would

not succumb, even to this deadly stroke. He would rally his followers and sound his war cry louder than ever.

The soft, clear light of dawn was creeping up from the eastern horizon when his plans for the renewal of the combat had been completed. He then pulled down the cover of his old red-topped mahogany desk, placed the bulky manuscript outlining his orders and plans of battle where it would be found, hours later, by his lieutenants, to be transferred to the columns of the *Woman's National Daily*, stepped down the marble stairway and out into the morning air. Even in early March the lawns of University City are turning green, and the hint of spring is in the balmy southern breeze. Those who have visited this favored spot can vaguely feel something of the emotion, which must have welled in Lewis' breast as he turned his back upon the stately tower which but yesterday had been the symbol of supreme achievement. Today, men would point to it as the evidence of one man's folly. Inherent patriotism, which inspires men to lay down their lives, if need be, upon the field of battle, is a product of the soil. Its intensity is measured by the love men bear for the land of their nativity or adoption. As Lewis made his way, at daybreak, along the curving parkway he had built, studded with the springing maples he had planted, past the homes of the friends and neighbors whom he had drawn to this entrancing spot, and toward his own commodious and beautiful dwelling, who can doubt that his mind went back to the earlier scenes when all this now flourishing suburban city was cowpasture? Even then, he alone, of all men, could see the future City Beautiful existing only in his imagination. Who can wonder that the architect of it all felt the spirit within him harden to the temper of steel in grim resolution to fight on, if need be, "until hell freezes over?" Thus armed, he has since withstood the most vicious assaults that could be made upon him by those high in authority in a great Nation. This unconquerable resolution has given him a place in history among the few really heroic spirits of all ages.

When Lewis reached home, he went to bed and slept for hours, as tranquilly as a child. Toward midday, after his editorial matter had been set in type, just as the wheels of the great press were about to be put in motion, he returned to his office. He then found lying upon his editorial desk the following telegram, from the manager of the *Woman's National Daily News Bureau* at Washington:

Confidential: I assure you, on absolute authority, that Madden has been forced out on account of his square deal on the Lewis publications. He is making a desperate fight, but the odds are all against him. He does not want public attention directed toward fact of division in Department or himself as central figure, but fact remains he is being sacrificed on our account. He depends on our maintaining honorable confidence, but when time comes and fight is on in the courts, the whole truth of this damnable conspiracy against justice will assuredly come out.

CHAPTER XXVI.

THE GREAT AMERICAN FRAUD ORDER.

THE GOODWIN BROS.—THE LEWIS CASE IN CONGRESS—ALEXANDER DEL MAR'S REPORT—THE PEOPLE'S BANK—THE DAN LEWIS EPISODE—THE SIEGE BECOMES A POLITICAL ISSUE—JUDICIARY COMMITTEE'S REPORT ON CRUMPACKER BILL—FRAUD ORDER AGAINST LEWIS SUSPENDED—ROOSEVELT UPHOLDS BUREAUCRACY—WAS CORTELYOU REVENGEFUL?

In 1905 a man by the name of E. G. Lewis was carrying on, in the city of St. Louis, a business known as the People's United States Bank. * * * A fraud order was issued against both the corporation and Lewis. All letters thereafter addressed to him, personally, were returned with the usual word "fraudulent" stamped thereon. A letter from his wife, from his attorney, from any close friend in any part of the world, would have been thus stamped and returned. This order actually shut him off from any intercourse through the mails with any human being, and apparently for all time.

Mr. Cortelyou says in a recent review article about such cases: "Comparatively little direct evidence can be brought into court against the majority of these fraudulent operators." He adds that it is very difficult to find evidence which will insure their conviction. We are also assured by him * * * that "the Postoffice Department of the United States is the most effective agency in the world for the detection and prevention of crime and the apprehension of the criminal." Now, what have we? The most effective agency in the world for the detection of crime is able to obtain little evidence against those it accuses. Yet it has issued, since the enactment of the present legislation, two thousand four hundred fraud orders. I am credibly informed that in the case of Mr. Lewis and his People's United States Bank, upon liquidation by the receiver, it paid one hundred cents on the dollar, with interest in full, to creditors, together with dividends to the stockholders of eighty-five per cent.

In the second session of the Fifty-ninth Congress a bill was introduced into the House of Representatives providing that the mail addressed to the person or firm against whom the fraud order is issued, instead of being stamped "fraudulent" and returned at once to the senders, should be held in the postoffice for fifteen days. In that period the business concern was permitted to institute an action in the United States Circuit Court, on giving a bond to pay the entire costs of the action in case the fraud order was finally held to be valid. This bill passed the House without a division, but failed to pass the Senate.*

This was the Crumpacker bill, inspired by the agitation over the fraud order against the People's Bank, and done to death in the Judiciary Committee of the Senate by the influence of the Administration. The efforts of Lewis and his associates to pass this measure excited the wrath of Cortelyou. Despite his denials, the passage of that measure through the House was believed, by Lewis' rep-

*See page 361 in the volume, "Federal Usurpation," by Franklin Pierce, of the New York bar. Published by D. Appleton & Co., New York.



Official groups taken at the first convention of the American Woman's League, June, 1910

¹Presidents of Local Chapters ²Winners of the Diamond Emblem ³Delegates of Local Chapters



Floats from the grand parade at the Fete Champetre under the direction of George Julian Zolnay at the American Woman's League Convention, June, 1910
1Emblem of the American Woman's League 2Painting 3Sculpture

representatives at Washington, to have been potent in causing Cortel-you to exclude Lewis' publications from the mails. We have now to trace the progress of that agitation from July, 1905, when the fraud order became effective, to the withdrawal of the second-class entry from the Lewis publications, on March 4, 1907.

Despite the crippled condition of his enterprises, Lewis still possessed the confidence and sympathy of the community of St. Louis as a whole, and that of the majority of his readers. Thus fortified by public sentiment, he devoted the last half of 1905 and the whole of 1906 to a ceaseless effort to arouse the sympathies and secure the co-operation of the people in his campaign against bureaucratic abuses.

THE GOODWIN BROS.

Lewis was warned that he could gain nothing by fighting the Government in the Federal Courts, but that, if the right people were "seen," it might be possible to have the fraud order lifted. There is nothing to show that Lewis or his associates were influenced by these reports or the advice they contained, or that they sought in any way to act upon the thinly-veiled suggestion. The fight of the bank against the fraud order was waged in the open. The only attempt made by Lewis, or others in his behalf, to get into touch with the underground influences, apparently at work behind the fraud order, was to expose and uncover them. The rendezvous of the alleged "camp-followers" appeared to be at and near Chicago. Hence, at the suggestion of Major Kramer, a Chicago attorney was engaged to investigate and run down certain of these rumors. To aid in the investigation of clews which had been supplied, this attorney laid the case before the Pinkerton Detective Agency at Chicago and employed a number of its operatives. Clews thus followed were thought to suggest the existence of an organized traffic in fraud orders, conducted by Goodwin, the assistant attorney-general for the Postoffice Department at Washington, and his brother, Leonard Goodwin, of Chicago. This line of inquiry was followed by the Pinkertons during the summer and early fall of 1905. Then the unexpected happened. In October of that year a letter reached Lewis from Thomas F. Adkins, of 855 Main street, East Rochester, N. Y. It suggested that Leonard Goodwin be retained in behalf of the People's Bank. This is Lewis' statement, in substance, to the Ashbrook Committee:

Early in the fight I received a letter from a business man in Rochester, N. Y., saying that, as the writer understood we were under investigation by the Postoffice Department, he advised me to engage the services of a very eminent attorney in Chicago, who had a large experience in Federal cases. The name of this attorney was Leonard Goodwin. I thought I smelled a mouse. The writer of this letter was a man named Adkins. He told me about a year later that Goodwin wrote the letter and asked him to sign it. He stated that he had done the same thing for Goodwin on several previous occasions. I wrote to Mr. Goodwin, asking him to call at the offices of the Royal Trust Company and make careful inquiries regarding us. I told him a very great outrage had been committed. I

insisted that we wanted him to be satisfied we were perfectly honest. He did not wait for more, but came to see us in a hurry. I had a long interview with him. He stated that he had handled a great many hundreds of similar cases all over the United States. He admitted that he then had quite a number of them on hand. He was confident he could be of great service to us. He stated that he was a brother of Judge Goodwin. He was very insistent that we engage him.

I said I could not decide the matter then, and told him to go back to Chicago and write me a letter, stating what his fee would be. He did so, naming a preliminary fee of one thousand dollars. He wrote several more letters, urging that he be employed. I suggested to the Pinkertons that they investigate. I wanted to get at the very bottom of it. They advertised in the Law Journal: "Wanted—Desk room in a law office." About two weeks later they had a reply from Leonard Goodwin, saying he had office or desk room to rent. A Pinkerton man went over there and engaged desk room. They put a man in there to get well acquainted with Mr. Goodwin and see what was going on. Our investigation disclosed the fact that this traffic extended from one end of the country to the other. The usual fee was from five hundred to five thousand dollars. I mean that if the victim of a fraud order would pay the price, according to what the job was worth to him, Leonard Goodwin's promise was that there would be no further proceedings on the part of the inspectors of the Department against that particular business, no matter what it might be.

Finally, former Governor Stephens, myself and several others went to Washington to lay the whole matter before Mr. Cortelyou. When we reached Washington, and almost before we got into our rooms, the chief postoffice inspector at Chicago, or his first assistant, came into the room. He told us he understood we were there on the Goodwin matter. He said he was on the same mission himself, and that he had an appointment with Mr. Cortelyou at two o'clock. He said it was the most damnable thing ever unearthed in the Postoffice Department. If we would turn over to him our evidence and information he would lay it before Mr. Cortelyou and handle the whole thing as one proposition. He came back later in the day and said that, after an interview of several hours, Mr. Cortelyou had pronounced it the worst thing that had ever come before him. He further stated that before we reached St. Louis there would be the worst explosion we had ever heard. We have been listening ever since.

THE LEWIS CASE IN CONGRESS.

Further investigations on the part of Lewis' attorney at Chicago, with the assistance of Pinkerton operatives, led to the report that the activities of Leonard Goodwin in cases of this sort were under investigation by the Department at Washington. It was afterward reported that Goodwin had been requested by the authorities to desist. Russell P. Goodwin indignantly repudiated, under oath, before the congressional committee, any connection whatever with his brother's activities. No evidence directly connecting the two brothers, and thus officially substantiating the existence of a traffic in fraud orders, was brought out. The postmaster-general testified, however, that an investigation of the charges of Lewis against Leonard Goodwin had been conducted by the postoffice. Lewis' charges of the existence of this traffic in fraud orders between the Goodwin brothers may be fairly summed up by the Scotch verdict, "not proven." The grounds upon which his suspicions existed have been stated, and the reader may draw his own inferences.

The debut of the Lewis case on the floor of Congress is thus mentioned by the St. Louis Star-Chronicle of December 15, 1905, as

quoted in *Printer's Ink*, the foremost trade journal of the publishing industry, under the heading, "Fair Trial For Lewis Is Asked of Congress: Petition from Ohioans, presented by Representative Thomas":

A petition asking Congress to intercede for E. G. Lewis, president of the People's United States Bank, recently indicted by the Federal grand jury here, and to see that he gets a "fair trial," was submitted in the House of Representatives Thursday by Representative Thomas of the Nineteenth Ohio district, according to a dispatch from Washington. The document, which is regarded as a rather curious one, was signed by several hundred of Congressman Thomas' constituents.

The effect of this petition was to suggest other attempts to get the matter before Congress. The first took the form of the following resolution by Representative Philip P. Campbell of Kansas, introduced under date of February 6:

Resolved, That the Committee on Postoffice and Post Roads be requested to inquire into the fraud order issued on the People's United States Bank at St. Louis, and report to Congress on the following points: Were the officers and agents of the bank given an opportunity to make a showing of their business methods prior to the issuance of said order? Was the order issued, in all respects, in accordance with the laws of the United States governing issuance of fraud orders? Did it make such recommendations as to reversal of such fraud order, if any, as in the judgment of the committee the circumstances may justify? Was it suggestive of any amendment deemed wise to the laws of the United States relative to the issuance of fraud orders?

Lewis seems to have believed the Campbell resolution the best that could be urged, under the circumstances, and that he might better assume the risk of an official white-washing of the postmaster-general than submit to inaction. He opened a brisk fire of correspondence upon members of Congress of his acquaintance, especially the representatives of his own State of Missouri, requesting them to support this resolution. In view of recent developments, the following communication to Lewis from Congressman Champ Clark, under date of February 26, 1906, is of especial interest:

I have your's of the 21st. I have become convinced that you and your bank were treated very badly, and it will give me pleasure to support the resolution for an investigation, unless the resolution is so amended and distorted as to be unworthy of support. You have done a wonderful work in the upbuilding of your publications, and I wish you all success. I hope that your efforts for an investigation will be fruitful.

ALEXANDER DEL MAR'S REPORT.

Later, on March 3, Mr. Clark again wrote Lewis, congratulating him on the fact that the resolution was favorably reported to the House. He expressed the opinion that it would pass. He stated, after an interview with Congressman Campbell, that he believed the committee would grant a hearing. Just in the nick of time, Alexander Del Mar's report came out, supported by his trilogy of editorials in the *American Banker*. Lewis supplied his champions with this fresh ammunition. The result was another round of letters to members of Congress, enclosing copies of, or making allu-

sions to, this document. As the investigation of Mr. Del Mar became one of the turning points of the Siege, we must retrace our steps for a moment to see what it was and how it chanced to come about. Lewis' attention appears to have been drawn by one of the stockholders of the People's Bank to Del Mar as being a suitable person to make an examination of its affairs. Del Mar was at this time editor of the *American Banker*, and of the *Cambridge Encyclopedia*. He was also a frequent contributor to the *Bankers' Magazine*, the *Wall Street Journal* and similar publications. He had formerly been director of the Bureau of Statistics of the United States at Washington, and in that capacity was personally known both to President Roosevelt and Mr. Cortelyou. Del Mar's works, "A History of the Precious Metals," "A History of Money and the Monetary Systems of Various States," "The Science of Money," and others, had made him an international reputation as an authority on financial affairs. His fame was supplemented by his American reputation as an expert mathematician, statistician and accountant. Del Mar thus had at stake a reputation far greater than that of an ordinary professional accountant.

Pursuant to Lewis' invitation, Del Mar visited St. Louis in January, 1906. He was furnished every facility he desired to conduct an exhaustive inquiry. He was given full access to the books of both the bank and the Lewis Publishing Company, and made such examination of these as he saw fit. On his return to New York, and while his report was in preparation, he wrote a series of three articles which appeared editorially in the *American Banker*. These arrested the attention of the entire banking fraternity.

The third and concluding editorial of this trilogy takes up the special case of the People's Bank. So trenchant is this review that it merits reproduction. It is as follows:

THE PEOPLE'S BANK.

Before taking up the strange story of the People's United States Bank of St. Louis—for that is the name of it—we took the pains to inquire concerning the personal character of its executive officers and board of directors. Upon this head, the replies were most satisfactory. The president was a gentleman of honorable reputation and liberal fortune, his reputed annual income from sources wholly unconnected with the bank being upwards of a quarter of a million dollars. The cashier was an experienced and prudent official, with an excellent record from a leading Chicago bank. The board of directors included some of the best-known and wealthiest merchants of St. Louis and other near-by cities. Among its stockholders were between two and three thousand officers and directors of other banks, all of whom had subscribed to the utmost amount permitted them.

The next inquiry was with regard to the solvency of the bank. Upon this head, too, the reply was entirely satisfactory. It had a capital of two and a half millions, all paid in; while an additional sum of two and a half millions was underwritten and in course of being accepted and allotted, when the bank was closed by the postoffice officials and the secretary of state. With regard to its loans, two of which were called in question by the officials, these were made upon securities so superfluously ample that the sale of one-fourth of them sufficed to pay off one loan, and of one-eighth the other, both of them with interest. All other loans and



¹Crowds pouring from the Woman's Magazine Building during the first convention of the American Woman's League, June, 1910. ²Opening session of the Convention addressed by representatives of the "Class A" Publishers

No similar gathering of women organized for co-operative industrial enterprise was ever assembled



Convention of the American Woman's League, June, 1910, on the occasion of the adoption of the Final Plan and election of the first board of trustees and national officers. Perhaps the largest deliberative body of women ever assembled. Over 4,000 women were in attendance

investments have since been liquidated in full. The deposits have all been paid in full and the stockholders have already received back eighty-five per cent of their money and, as has been publicly promised by the president, will soon receive fifteen per cent more. But for the enormous expense of the two State receiverships and the tremendous loss of money and credit occasioned by the postoffice holdupship, visited upon this unoffending and unhappy bank, it evidently could have paid the stockholders in full, without invoking the generous aid of its president, and it may even do so yet. There never was a more solvent bank than this one, when it was held up, and the proof, the irrefutable proof, of it is contained in the following certificate from the receiver:

"St. Louis, Mo., February 5, 1906.

"Editor American Banker.

"Sir: In reply to your inquiry, I beg to state that every loan and investment held by the People's United States Bank has been liquidated at one hundred per cent on the dollar, with interest in full to date. I have already declared dividends to the stockholders of eighty-five per cent.

"Respectfully,

"FREDERICK ESSEN,

"Receiver People's United States Bank, St. Louis, Mo."

When the question is asked why such a bank should have been selected upon which to vent the full fury of that sinister and dangerous power with which Congress has unwittingly invested the postoffice officials, it becomes necessary to describe the peculiar character of the bank and the novel features of its transactions.

The People's Bank was a mail order bank. It was a novelty, built upon three other novelties. The first of these is the second-class postage system inaugurated by Congress; the second, the system of rural free delivery, promoted by the Postoffice Department; and the third, the mail order system which grew out of the former. The inevitable result of this evolution was a mail order bank, whose business, being done entirely by mail, placed it beyond the fear of a run, but at the same time exposed it absolutely to the discretion or mercy of officials who knew nothing of one and scorned the other.

In order to serve the great mail order houses, some of which sell goods to the amount of fifty millions a year, the People's Bank offered to sell domestic exchange up to a limit of \$10.00 without charge. This was a perfectly honorable and safe business, the profit from interest affording full compensation for the trouble involved.

And in order to serve the rural population, comprising its most numerous correspondents, both as stockholders, depositors and inquirers, the bank opened a *Mont di Piété*, or a bureau of loans upon pledges at eight per cent per annum, similar to the very excellent institutions by the same name long established in Italy and France. This was also an honorable, safe and profitable business, and a great convenience to the poor and even to those well-to-do persons who may be in want of a temporary loan, but live too far away from the professional "uncle" to make use of his generous assistance. * * *

Ex-Postmaster-General Wannamaker is credited with the observation that there were five constant obstacles to the establishment of a parcels post in the United States, and, he might have added, to the establishment of a mail order bank. It is, therefore, up to these concerns (the five great express companies) to prove that they had nothing to do with the uncalled-for and savage attack upon a perfectly solvent and well ordered concern. Their silence on the subject will be significant. Their disavowal will largely interest the banking fraternity throughout the country. For it may be depended upon that the profitable path thus opened by the People's Bank will not fail to be pursued by others. Mail order banks are a necessity of the times; and the express lobby—if the express lobby it is—though it may have succeeded in this instance, can never hope to win another victory.

The publication of these editorial utterances, in one of the most influential financial journals in the United States, had instant effect. Their influence was driven home by Del Mar's full report. This was issued by Lewis in a pamphlet of some twenty-four pages and publicly distributed. Mr. Del Mar introduced his remarks in the following open letter, under date of January 18, 1906:

The following report on the history and condition of the People's Bank is made in response to an invitation extended by some of its stockholders to me, as an expert accountant and financial writer, to examine into its affairs. For this purpose, everything was thrown open by the officials of the bank to my inspection, including the books of account, vouchers and correspondence. I have taken into consideration and replied to every charge or accusation of an explicit character, the charges contained in that portion of the inspectors' report which appeared in the St. Louis papers, the charges brought forward at Washington and given to the press in Mr. Goodwin's book, the charges alluded to in Judge McPherson's decision, and those summarized by the counsel in the case. If there are any other charges, I shall be happy to reply to them.

As the result of this examination, which has been carefully made, I am satisfied that the People's Bank, however original its method of promotion, or however novel its features and plan of working, was an honestly designed and an honestly conducted institution, and one which, had it not been disturbed, would have proved profitable to its stockholders and depositors, and even beneficial to the country at large. It would have increased the revenues of the Postoffice Department, provided a safe and expenseless money order system and afforded facilities to the multitude for obtaining small loans of money upon pledges. I am constrained to add that the dates and other details of the attacks made upon it by the several parties indicated point to a concerted effort, originating in trade rivalry and embittered by malice.

The intent of Congress in empowering the postmaster-general to issue fraud orders in certain cases has been perverted in this case and made to subserve other ends than that for which it was designed. The office of the state superintendent of banks has been usurped by local postoffice inspectors and their usurpations have been employed to ruin a meritorious enterprise and destroy the resources and credit of an innocent man. The postmaster-general has been imposed upon to the extent of inducing him to issue warning circulars, concerning a case which has never been tried before a court of law. The whole story is one of shameful intrigue and persecution, one that should have been impossible in a free country, and one that, when fully digested, can scarcely fail to weaken that confidence in the security of our laws and institutions, upon which our commercial affairs have hitherto reposed.

I can see but one proper course to be pursued in reference to the matter. The fraud order should be revoked.

ALEX. DEL MAR,

Formerly Director of the Bureau of Commerce, Navigation and Statistics,
United States Treasury Department; Editor of the American Banker,
New York.

Copies of this sledge-hammer arraignment of the Postoffice Department were sent to all members of Congress. It was also given to the general public through the press. The immediate result was the introduction into Congress of two additional resolutions by Representatives Foster and Crumpacker, and of a bill by Congressman Goebel, for the modification of the fraud order law. Meanwhile, Mr. Del Mar tendered his good offices, as a friend of both, to bring about a personal interview between Lewis and the post-

master-general. In the belief that the latter had been imposed upon, he hoped Cortelyou would be entirely willing to revoke the fraud order, once the true state of facts was brought clearly to his attention. He proposed, therefore, to wait upon the postmaster-general at Washington for a preliminary interview looking to such an appointment. In a letter to Mr. Lewis, Mr. Del Mar says:

I am constantly receiving commendatory letters on my editorials in the American Banker, from which I glean the inference that the censorship employed by the underlings in the postoffice is far more destructive than has hitherto been suspected. The subject is awakening attention in many parts of the country. Today's news announces that the postmaster-general's brother is a postoffice inspector, and active in prosecuting banks and trust companies under the infamous censorial law, and that to the extent of arresting and handcuffing persons charged with violating its provisions. I am at a loss to discover any lawful authority for all this, but presume it is obtained by co-operation with New Jersey officials.

The interest aroused by the Campbell resolution and the Goebel bill was further excited by the introduction in the House on February 23, of Resolution 341, by Mr. Crumpacker of Indiana, as follows:

Resolved, That the postmaster-general be requested, if not incompatible with the public interests, to furnish the House of Representatives at as early a date as practicable, a full statement of the facts, including copies of affidavits, papers, reports of inspectors and other officers under his control, bearing upon the order made by him withholding the rights and privileges of the mails from the People's United States Bank at St. Louis, Mo.

The day on which the Crumpacker resolution was introduced was further signalized by the introduction of the Foster bill, evidently put forward as a substitute for the Goebel measure.

THE DAN LEWIS EPISODE.

Lewis, at this stage, followed up the statement of Del Mar by a little eight-page pamphlet on the subject of "The Workings of the Modern Censorship, As Found Exclusively in America, It Having Gone Out of Date in Russia, Turkey and Spain." This pamphlet is devoted to the case of Dan Lewis, which may be taken as typical of the abuses to which a power so arbitrary as that of the fraud order is liable. As this episode crystallized public sentiment for a congressional inquiry and served to bring it vividly to the consciousness of every member of Congress, it may be briefly summarized from the text of this booklet, as follows:

Dan Lewis, a banker of Carlisle, Ark., was a stockholder of the People's Bank. He was not a relative of E. G. Lewis, nor were the two men known to each other, except by correspondence. He and his family invested a total of \$3,500 in the bank. This they afterwards transferred to the preferred stock of the Lewis Publishing Company. Dan Lewis, being a skillful and effective letter writer, took up the cause of E. G. Lewis and the People's Bank in numerous terse, well-phrased personal letters of protest, addressed to influential persons. For some weeks he kept up a hot fire of this sort of sharpshooting. The cost in time and postage, besides the constant effort required, began to tell upon him. Yet he did not like to quit, because he felt that his correspondence was having effect. At this stage he appealed to E. G. Lewis, saying he wanted to send a letter to every member of Congress, many of whom he knew personally.

He undertook to write a letter embodying his own views if Lewis would have it gotten up by some sort of duplicating process, and forwarded to him at Carlisle. He proposed to address each letter personally and mail them from his home town. All this was done. The letter was reproduced at St. Louis exactly as written by Dan Lewis, without suggestion or alteration. Postage stamps were affixed to the envelopes at St. Louis. The letters and envelopes were then forwarded to Dan Lewis at Carlisle, to be looked over, signed and sent out. They were mailed by him in due course to the various members of Congress. Shortly afterwards Lewis received word through a friend that Postoffice Inspector W. L. Reid had gone from St. Louis to Carlisle, Ark., had called on Mr. Dan Lewis, and had threatened him with a fraud order unless he ceased to urge a congressional inquiry of the fraud order against the People's Bank. Lewis reported the case to the attorneys of the bank. They took it up with Dan Lewis and requested that he furnish an affidavit of the facts. In response he wrote to E. G. Lewis, in substance, as follows:

"On February 23 my wife and little girl were, and had been, sick with fever. That morning my wife was a little better. She was able to sit up for a while in a rocking chair. I hurried down to the depot to attend to some business, expecting to come back by the postoffice to get my mail, and hasten home to my sick people. I was expecting the doctor soon. While I was at the depot a postoffice inspector came in with our local postmaster. He asked the express agent to look over his books and see about the box of stationery you had sent to me. I would like to ask right here, Has an express agent a right to give out such information about other people's business?

"I then came back past the postoffice. As I stepped in to get my mail I saw the inspector in the back part of the room. He motioned for me to come back there. As I went back he said: 'Mr. Lewis, I believe? I am a postoffice inspector.' He showed me one of my letters and asked, in a low, gruff voice: 'Did you send this?' He did not let me see the address on the letter, so I did not know to whom it was addressed, or where he got it. I said, 'I don't know.' He said, 'Don't know? It's got your name to it.' I said, 'I guess I sent it, then. What is wrong about it?' He replied, 'You didn't buy the stamps here. These letters were sent to you from St. Louis. There were about four hundred and seventy-five of them. You had no right to buy the stamps in St. Louis and mail the letters here.' I said, 'That is strange. I often receive stamps in letters and stamped envelopes for return reply. Those stamps were bought elsewhere, but I mail my letters here.' He said, 'You can be arrested for defrauding the Government. These letters should have been mailed in St. Louis, where the cancellation of the stamps would have cost the Government nothing.' He also said, 'E. G. Lewis must have written to you about these things.' I told him that I had received letters from Mr. Lewis. He then said, 'By corresponding with E. G. Lewis you become an accessory. You might get a fraud order against yourself. The best thing you can do, if you wish to save yourself a lot of trouble, is to make a clean statement of this whole letter business.' I told him that my folks were sick and that I had to go home, and he replied that he would prepare a statement at the postoffice and bring it up to my house to sign. In less than an hour he came to my house with a statement for me to sign. He wanted to make it appear that I was a mere tool—a poor, innocent fool whom you were using away down here in Arkansas to do your dirty work. I wouldn't sign his statement until he had changed it three times. Then it was not as clear as it should have been, but I signed it to get rid of him. I wanted to attend to my sick folks."

Dan Lewis afterward made affidavit to these facts, and a complaint was submitted to the postmaster-general. So far as known, no effort was made to discipline Inspector Reid, who continues in good standing in the postoffice inspection service. The evidence

throughout this case shows it to be most unlikely that the word of any citizen would be taken by officials of the Postoffice Department against that of a postoffice inspector. Indeed, it would appear to be the fixed policy of the Department to sustain the inspectors "for the good of the service" in any action they may see fit to take.

THE PETITION TO CORTELYOU.

The St. Louis Globe-Democrat of March 5, under the title, "Lewis and Counsel to Ask Use of Mail," announces Lewis' intention to appeal to Cortelyou for a suspension of the fraud order. The article recites that a party consisting of Lewis, Judge Shepard Barclay, of counsel for the bank, with Messrs. Coyle and Kramer, arrived in Washington on March 4, Lewis' birthday. Here the party was joined by Alexander Del Mar, who, however, was not present when the petition in Lewis' behalf was presented to the postmaster-general. Fulton, postoffice inspector-in-charge at St. Louis, was expected the day following. Inspector Sullivan was said to have been in Washington for two weeks. Judge Barclay stated that the object of the party was to show that the affairs of the bank had been liquidated and to present a petition, signed by some of the strong business men and bankers of St. Louis, to allow Mr. Lewis once more the free use of the mail. Judge Barclay said: "We have paid all loans made by the bank, about which so much stir was made. The depositors have been paid and the stockholders have received eighty-five per cent of their holdings. The bank turned out to be in a remarkably solvent condition. We want to show Mr. Cortelyou that, in the opinion of a large number of business men in St. Louis, it would be an act of justice to allow Mr. Lewis to use the mails in the prosecution of his publishing business."

The next day, by prearrangement, the conference with Cortelyou took place. Lewis personally had nothing to do with the circulation of this petition in St. Louis and did not wait upon the postmaster-general on this occasion. There were present Messrs. Kramer and Coyle, officers of the bank; Judge Barclay, of counsel; Congressman Landis; and on behalf of the Department, Goodwin and Cortelyou. By one of those grim coincidences, to which allusion has been made, the St. Louis dailies chronicled, along with the news of Lewis' petition, the fact that the first date had been set for Lewis' trial in the United States Federal Courts on the charge of conspiracy in defrauding the Government of postal revenue. This information outran Lewis to the ears of the members of Congress, with whom it was his purpose to discuss the proposed investigation as soon as the business of his associates with the postmaster-general had been transacted. The Republic of March 6 says:

An active campaign was begun today by E. G. Lewis to secure the revocation of the fraud order against himself and the People's Bank. A petition was today filed with the postmaster-general asking its removal. It was signed by bankers, brokers, attorneys, wholesale jobbers and several

publishers of St. Louis. Mr. Cortelyou listened to the petition and arguments in support of it, which were offered by Judge Barclay in Lewis' behalf. He said that he would give the matter earnest consideration, but gave no intimation as to his intention. The Lewis petition bears date of February 22, 1906, and is as follows:

To the Honorable, the Postmaster-General of the United States: The undersigned have been informed of the "fraud order" issued against Mr. E. G. Lewis of St. Louis, Mo., by the Postoffice Department of the United States, in July, 1905, whereby he is debarred from receiving any letters and other mail addressed to him. We have also learned of the proceedings for liquidation of the People's United States Bank, of which he is president, in which proceedings the depositors will be paid in full and a dividend of eighty-five per cent has already been declared in favor of stockholders, according to the report of Hon. Frederick Essen as receiver of the bank. In view of these circumstances and of the fact that Mr. Lewis is the managing editor in charge of the Woman's Magazine, a monthly journal having an extensive circulation throughout the United States and published in a large and valuable printing establishment (the Woman's Magazine building) in the suburbs of St. Louis, we most respectfully petition the Honorable Postmaster-General to revoke the "fraud order" aforesaid, so as to restore to said Lewis the use of the United States mails, as enjoyed by other citizens in our country.

It is the opinion of the undersigned that the revocation of the "fraud order" would be generally approved by those acquainted with the facts and especially by a great majority of the people of St. Louis, Mo., where Mr. Lewis and his enterprises are best known.

Lewis and his party remained in Washington until March 11. Their time was occupied chiefly in waiting upon members of Congress and "lobbying" for a congressional investigation of the affairs of the People's Bank. On that day the Crumpacker bill, the history of which plays so important a part in what follows, was introduced in Congress. Lewis left Washington for St. Louis at 2:30, believing that he had made substantial progress.

On March 17, Representative G. H. Lindsay, of New York, presented to the House of Representatives the petition laid before Cortelyou by Lewis' associates. Three days later, Postmaster-General Cortelyou sent to the Speaker of the House a communication in which he announced his refusal to respond to the Crumpacker resolution. The reason assigned was that most of the documents in the case were in possession of the United States Attorney at St. Louis. These were said to be needed for use, both in the defense of the suit in equity brought by the bank against the postmaster at St. Louis and in the prosecution of the two criminal cases against Lewis. Cortelyou said:

In my judgment, not only is it incompatible with the public interest to submit to the House of Representatives at this time the documents asked for in its resolution, but it is impossible to do so without seriously hindering the officials of the Government in their conduct of the proceedings referred to by the United States District Attorney. Promptly upon the conclusion of those proceedings, however, I will make further and detailed response to this resolution.

The case of the bank was again brought up in the House of Representatives by Congressman Crumpacker on April 11. The *Globe-Democrat*, on the following morning, said:

The postoffice appropriation bill was under consideration, and Mr. Crumpacker moved to reduce the number of inspectors and rural agents by one hundred. He called attention to the power of postoffice inspectors in making arrests and assessing fines, and of the Department in issuing fraud orders. That Department, he said, combined all the powers of government, legislative, executive and judicial. Its power extended over the reputation and business of the country. Yet when a person affected by its action asked to see the reports of the inspectors, he was denied that privilege. He referred to the case of the People's Bank. Only last week, he said, the Supreme Court of Missouri decided the concern was not insolvent, and never had been. They had ordered its business returned to the corporation. "But what's the use?" asked Mr. Crumpacker. "There stands the fraud order, which prohibits it from doing any business by correspondence."

Four days later, by another coincidence, it was announced in the St. Louis papers that a Federal grand jury was again after Lewis and would make a more thorough investigation than had previously been made of the People's Bank and Lewis Publishing Company's affairs. Imagine, if you can, the effect of such announcement upon Lewis' personal reputation and credit as a citizen and a business man.

THE SIEGE BECOMES A POLITICAL ISSUE.

Lewis was again summoned to Washington, as we know, on April 30, for a hearing before Madden. Cortelyou, on the occasion of his previous visit of March 5, had refused Lewis a private audience. But, two days after the hearing before Madden, he so far unbent as to accord Lewis and his counsel a two-hour conference. The two following letters, with which Lewis had armed himself before leaving St. Louis, may, to some extent, account for this reversal of policy. They at least show that Lewis left no stone unturned in the way of influencing legitimate political power in the endeavor to secure a proper hearing. The first of these communications, under date of April 27, is a letter of introduction from R. C. Kerens, a Missouri Republican of national political prominence, to Congressman A. P. Murphy. It is self-explanatory.

Dear Mr. Murphy: This will present my friend, Mr. E. G. Lewis, of this city. You have heard of Mr. Lewis, and I want to say to you that in my judgment no man has ever been more greatly persecuted or more brutally treated, without any cause or reason. The whole case is simply a conspiracy, as I believe, without the slightest foundation. A great injustice has been done. It is only a wonder that the conspiracy did not succeed in its object, which, I believe, had for its purpose personal aggrandizement by certain evil-minded and designing persons. There was also jealousy engendered from false publications. This man has been pursued and unjustly attacked with a persistency that is beyond comprehension.

Mr. Lewis will tell you of some other matters that will interest you, and I wish you would, in your straightforward, manly and courageous manner, help him in any way you can. He is right, and will succeed, despite the disreputable efforts to destroy not only him and his character, but his property. Talk with Walter B. Stevens, also. He is familiar with the facts and understands them better than I do. I speak from personal observation.

The second letter was addressed to the postmaster-general by

Thomas J. Akins, a member of the Republican National Committee, under date of April 28, 1906. It reads as follows:

Dear General Cortelyou: Mr. E. G. Lewis of St. Louis will be in Washington Monday to attend a hearing relative to the fraud order which has been issued against him. There are some features of this controversy that are very far-reaching and involve the rights of the individual citizen. Much sympathy among our business men, and especially the banks, is being manifested here for Mr. Lewis, occasioned by the fact that the bank of which he was president and which was placed in the hands of a receiver, has paid the depositors in full and the stockholders 85 cents on the dollar.

I feel it my duty to advise you of the fact that newspaper men have been here in great numbers, gathering facts concerning the fraud order issued against Mr. Lewis, and also the winding up of the affairs of the bank. The whole controversy seems to involve the wisdom of the policy of the Postoffice Department in taking action of this kind, when the parties at interest have no course by which they can protect their individual right. One of the Indianapolis papers, published by Mr. D. Smith—I think it is the Sentinel—has had a man here for two days, gathering the facts for a very comprehensive article to be published next week.

I never met Mr. Lewis in my life until yesterday, but on receiving this information I sent for him (he is, by the way, a Republican), and requested him to wire the Sentinel to withhold publication of this matter until after he had talked with you. I am also informed that a dozen or more of the leading dailies of the country have been here on the same mission, and that Mr. Lewis has invariably taken the position that this is not a party question, and has judiciously refrained from giving any information at present.

Mr. Lewis is now erecting a new building, and I understand has purchased a very large press, and will soon begin the publication of a daily newspaper. I think it would be wise for you to have a personal talk with Mr. Lewis, as this matter is assuming proportions that, in my judgment, are far-reaching.

You must understand me clearly. I know nothing of the merits or demerits of Mr. Lewis' case, and I repeat that I never met him until yesterday. I sent for him and made the request of him that the publications above referred to should be withheld until after his visit to Washington. Your good judgment will dictate the course which you should pursue.

Whatever political significance these letters may have had to Cortelyou's mind seems to have been outweighed, in his judgment, by the importance to the Administration of the support of the post-office brigade. The only effect of these and similar protests seems to have been to cause the Department to redouble its efforts to crush Lewis, by excluding his publications from the mails. The interview accorded Lewis and his counsel on May 3, was, so far as any immediate action was concerned, without visible result.

The Crumpacker bill, meanwhile, kept the agitation over the People's Bank alive and crystallized public sentiment in the columns of the press. A big gun was fired in Lewis' behalf when the Indianapolis News came out early in May with a series of lengthy news articles, reviewing in full detail the history of the People's Bank. A reporter of the News had been assigned to make personal investigation in St. Louis. On May 8, in a special dispatch, he sums up the opinions of numerous business men, to the



Views taken at the Art Institute of the American Woman's League during the winter term of 1910 and 1911

¹*Class room of the late John H. Vanderpoel, director of School of Painting.*

²*Atelier of George Julian Zolnay, director of the School of Sculpture*



Views taken in 1911 during the Summer School of the Art Institute of the American Woman's League

¹Class room of Frank Phoenix, instructor in painting ²Class room of Frederick H. Rhead, instructor in pottery

effect that Lewis was unjustifiably persecuted by the local postal officials. After quoting a statement made by L. C. Nelson, "one of the wealthiest and best known men of St. Louis," he said:

Nelson has retired from active business connection and was pointed out as one of the men who could talk about the Lewis matter. "Could talk"—that is a strange state of affairs! The writer has been informed that many men with business connections would be afraid to talk and express their opinions on the Lewis matter. It was said that some already have been threatened with a Government fraud order if they talked too much. The third man called upon was one of those who was afraid to talk. He said that he and his great institution had been threatened with a fraud order, and that he could take no chances of being quoted.

On May 17, Mr. Crumpacker announced his intention to go before the House Judiciary Committee the day following, to make an argument in support of his bill. He was quoted in the Indianapolis Morning Star as follows:

The congressman intends to tell the committee about the case of Kitty Smith of South Whitley, Ind. When Kitty was a tiny, motherless girl, she was left alone one day. She fell against the stove. Her arms, up to the elbow, were burned to a crisp. Both were amputated. Then her father died. Kitty was sent to an orphan asylum in Chicago. Naturally bright, she acquired knowledge rapidly and learned to do marvelous things with her toes. Now grown to womanhood, she has raised herself above want and dependence on others by publishing, in an illustrated pamphlet, the story of her life. These she sends out with a letter saying that she believes the little book is worth twenty-five cents, but if the recipient does not agree with her, she asks that he return the pamphlet. She had realized about six thousand dollars in this way when she was stopped by the Postoffice Department. It ruled that, unless she enclosed a statement of her financial condition in future letters, she would be posted as a fraud. Judge Crumpacker says he will repeat to the members of the Judiciary Committee the story of this unfortunate girl.

Two days later, the Star announced that the Postoffice Department intended to fight Representative Crumpacker's bill. When the congressman appeared to argue the merits of his bill before the Judiciary Committee, he was informed that the Department desired to be heard. Immediately after this hearing, Mr. Crumpacker, in a letter to Lewis, announced the likelihood of temporary defeat. He says:

No favorable action can be secured on the fraud order bill during this session of Congress. Members hope to adjourn the latter part of next week. The gorge of important bills is such that nothing else will be given consideration. This bill is on the calendar, and I expect to take it up early next season and secure its passage. There is no doubt in my mind about the passage of the bill when it is reached.

JUDICIARY COMMITTEE'S REPORT ON CRUMPACKER BILL.

The arduous campaign in the first session of the Fifty-ninth Congress was not, however, wholly unfruitful. The press announced, on June 9, that the Crumpacker bill had been favorably reported by the committee. The report, after reviewing the law and practice as to fraud orders, with which the reader is familiar, says:

The report of the postoffice inspectors containing charges are not made public. The person under investigation is not permitted to see them. It is impossible for him to know what evidence has been submitted against

him and, therefore, he is at a great disadvantage in attempting to exonerate himself. If a grand jury should hear a number of witnesses and indict a citizen for crime, and the defendant should be arrested upon the indictment and arraigned before the same grand jury for trial and notified to show cause why he should not be convicted—the State's evidence having already been heard in secret before the grand jury—the proceeding would be exactly similar in principle to that which is now conducted by the postmaster-general in fraud order cases.

The courts have almost uniformly held that the decision of the postmaster-general upon questions of fact in fraud order cases is not subject to judicial review. Thus, a person against whom such an order issues is never permitted to inspect the evidence upon which the order is made. He has no opportunity to have the question of his guilt or innocence reviewed by any court. * * *

It is thus demonstrated (by the opinion of Judge McPherson) that a citizen whose business is being investigated, with a view of determining whether he is securing property through the mails by false and fraudulent representations, has little or no chance to make his defense. To grant one the right to show cause why he should not be branded as a criminal without giving him the right to face his accusers and to know the evidence against him, is of very little value.

After stating the substance of the argument of Judge Goodwin before the committee, the report proceeds:

It is a most execrable practice to determine the important rights of citizens upon confidential reports made as the result of secret investigations. Postoffice inspectors, in the investigation of questions of fraud, interview citizens in various communities and collect information, much of which may be pure gossip, and none of which comes from the parties under oath. The reports based upon this information are forwarded, with the assurance that they will never be made public, and important rights of property and reputation are determined thereby. The individuals who give testimony in this fashion are not subject to prosecution for perjury; they can not be reached in actions for slander; their statements are utterly irresponsible.

The mere fact that the postmaster-general, as a matter of grace, extends to citizens the poor privilege of coming before his legal adviser, who has already conducted an investigation and satisfied himself that the person under investigation has committed fraud within the meaning of the law, and make proof, if he can, to convince the legal adviser that he is innocent, without being allowed to know who has testified against him and to what he has testified, is a privilege without any practical value. The privilege is not given as a matter of right. The postmaster-general may withhold it at any time or from any person or association. Mr. Goodwin stated to the committee that, in many cases, it was not expedient to give the notice. He and the postmaster-general are the judges when the notice shall be given and when not. It surely seems that the privilege of being heard before some officer or tribunal, and of knowing what proof is being submitted against one, is a right to be secured by the law. * * * We can see no just ground for opposition to the proposed bill. It is eminently fair and conservative, and fully protects every interest of the public against the practices of scheming and designing for motives of fraud.

FRAUD ORDER AGAINST LEWIS SUSPENDED.

With this valedictory address on the subject, the case was held over for the following session of Congress. Lewis' agitation against the fraud order was not, however, without some practical effect. The August, 1906, issue of the *Woman's Magazine* contains the following editorial:

July 4, 1906, will be a memorable date. On July 3, the poor remains of a great, sound and solvent \$2,500,000 postal bank of and for the "common" people were turned over to its officers and directors by order of the Supreme Court, which characterized its assassination by Swanger and his allies as follows: "It was absolutely wrong and a violation of the defendants' (the bank's) rights." The costs were assessed against the prosecutors of the case against the bank. On July 6, the following letter was sent me by the Honorable Postmaster-General:

Mr. E. G. Lewis, care The Lewis Publishing Company, St. Louis, Mo.—Sir: This is to notify you that the order issued to the postmaster at St. Louis, Mo., on July 6, 1905, forbidding the delivery of mail and the payment of money orders to the People's United States Bank et al., has been suspended, so far as it affects mail addressed to you personally. This action has been taken for the reason that it seems improbable that any mail of consequence having reference to the People's United States Bank is now being addressed to your name, and that the continuance in force of the fraud order, as it relates to you personally, would work an unnecessary hardship. It is the practice of the Postoffice Department, in all cases in which fraud orders are issued against the names of individuals, to suspend or revoke them as soon as it is shown that little or no mail relating to the unlawful business contemplated by the order is being addressed to such persons.

It should be understood, however, that the order is not revoked, but simply suspended, and that the use of your name in connection with the institution in question will be deemed sufficient grounds for withdrawing the order of suspension and putting in full force the order of July 6, 1905.

Responding to a personal letter from Major Kramer, dated July 9, Cortelyou said:

I have your letter of July 9, with enclosures. In its conclusion you say: "I believe that the time is not far distant when the facts that are now being collected (some of which have already reached you through official channels) will make clear to you that Lewis has been the victim of one of the most damnable conspiracies ever organized and carried out in the history of America."

I have repeatedly asked for any evidence in possession of Mr. Lewis or his associates tending to show a conspiracy, but thus far have not received the slightest evidence of anything of the sort; nor has Mr. Lewis complied with my several requests for detailed information in connection with his statement that thousands of postal officials were discriminating against his publications. The Department has treated this case exactly as it would any other of the kind that came before it, and has had no purpose in view but the discharge of its duty under the law.

The delicious humor of this and numerous other of Cortelyou's official communications seems to have escaped the general's observation. The autocrat of the Postoffice Department seems here to be totally forgetful of the fact that he had refused to submit the secret reports and accusations against Lewis to Congress. He seems to have forgotten that his refusal was based, in effect, upon the grounds that publicity might result in freeing the accused, or might enable him to fix charges of guilt upon his accusers. Yet, during the pendency of the selfsame inquisition he now invites the accused to submit to him personally all the evidence in his possession in order that he, forsooth, may mete out stern punishment to his own subordinates. One is irresistibly reminded of that jolly comic of nursery lore, "Dilly, Dally, Come and Be Killed." More soberly, one imagines the Czar of all the Russias inviting a band

of revolutionists to submit documentary proof of a domiciliary visit of the secret police, in order that the Cossacks, by whom they were accompanied, might be punished. One is also reminded that Lewis in fact turned over to the inspector-in-charge at Chicago, the reports of the Pinkerton operatives touching the activities of Leonard Goodwin, and was told that before he got back to St. Louis he would hear an explosion. To quote his own language: "He is listening for the sound of that explosion yet."

Cortelyou came into the Government service as a postoffice-inspector. His brother was a postoffice inspector. Any evidence submitted to him against postoffice inspectors must needs have been turned over to postoffice inspectors for investigation. Cortelyou has said, and shown, that he deems the findings of the postoffice inspectors to be conclusive. Is comment necessary?

ROOSEVELT UPHOLDS BUREAUCRACY.

The opening of the second session of the Fifty-ninth Congress marked the renewal of the struggle over the Crumpacker bill. On December 17, Judge Crumpacker wrote Lewis as follows:

After a number of interviews with Speaker Cannon he has recognized me to move a suspension of the rules and thus give the bill a privileged status. I made this motion and it was carried. The bill can now be called up at any time. At the first opportunity, after the holiday season, I will call it up and press it until it is considered and acted upon.

The revival of the campaign was the signal for the publication, by Goodwin, of a memorandum which bears date of December 29, 1906, in opposition to the measure. It bore the imprint of a public document and was distributed to members of Congress and to the press. The issues in the case of the People's Bank against the Postoffice Department were now fairly joined before the House of Representatives. Lewis and Goodwin were the respective advocates. The House was, in effect, sitting as a jury to pass upon the merits of the controversy. On January 7, Lewis received a telegram from the Washington correspondents of the Woman's National Daily that the Crumpacker bill had passed the House, almost unanimously. Congressman Littlefield, Clayton, Keifer, Crumpacker and Landis were reported to have made speeches in favor of the measure.

The scene of activity now shifts from House to Senate. Friends of the Crumpacker bill in the House promptly took up the matter with various senators. An active campaign also was undertaken by Lewis' representatives in Washington. The Globe-Democrat, on January 12, asserted that the bill was strongly backed in the Senate. Other press comments of that period indicated that it might pass. It thus became evident that, unless some strenuous action was taken by the Administration, the measure would become a law. Thereupon, it became known that the influence of the Administration was being quietly but powerfully exerted against the bill. Its death knell was sounded when the Washington correspondents flashed the news over the wire, on January 23, that President



Views taken during 1911 in the Art Institute of the American Woman's League
¹Studio of Frederick H. Rhead, instructor in pottery ²Studio of Kathryn E. Cherry,
instructor in china decoration



Exhibits of Overglaze China Decoration, designed and executed by Mrs. Kathryn E. Cherry, Instructor in Ceramic Design, Art Institute of the American Woman's League, and her Honor Students

Roosevelt would veto the bill, if necessary, to prevent its becoming a law. "President Roosevelt," said a dispatch to the Indianapolis Star, "has made known that, if the Crumpacker bill passes Congress, he will veto it and explain his reasons fully in the veto message." Following these tidings, the New York Commercial, on January 24, says: "It is pretty definitely settled that the Crumpacker bill will not pass the Senate. There is a strong possibility that it may be found expedient to smother the measure in the Senate Judiciary Committee."

The Commercial proved to be an excellent prophet. Editorial discussion waxed hot throughout the remainder of the session. Goodwin mailed copies of the postmaster-general's memorandum, McPherson's opinion and his own pamphlet to every senator. Lewis and his representatives kept up an equally strenuous agitation. But when it became known that the postmaster-general would be backed by the President and supported, if need be, by a presidential veto, it was apparent that the measure could not become a law.

As the month of February progressed, it became manifest that the Judiciary Committee would make no report. Senators Foraker and LaFollette announced themselves in favor of the bill. But both were in hearty disfavor with the Administration. As the close of the session, which was to expire by limitation on March 4, drew near, the anxiety of Lewis' Washington representatives lest Cortelyou should retaliate by withdrawing the second-class privilege from the Lewis publications, became hourly greater. Finally, on February 25, Dunn wired Lewis that the Senate Judiciary Committee had announced it was now too late to consider the Crumpacker bill, which would, therefore, be left over until the following session. This news was confirmed by the press dispatches of February 26, to the St. Louis dailies. Meanwhile, the temper of the Administration in postal affairs was further indicated by the announcement of President Roosevelt's intention to exercise the powers of a national censorship over the entire American press. John Fallon O'Laughlin, in a two column news dispatch to the Chicago Tribune, on February 11, says:

In the interests of American morality, President Roosevelt proposes to have the Federal Government determine what the people shall read. He will confer tomorrow with Postmaster-General Cortelyou and Attorney-General Bonaparte in regard to the legality of barring from the mails all newspapers which print "full and disgusting particulars of the Thaw case." The following brief announcement was made this morning:

"The President has communicated with Postmaster-General Cortelyou to learn whether it is feasible to bar from the mails the papers that give full and disgusting particulars of the Thaw case. He does not know whether it is feasible, but if it is he wishes it done." There is no precedent, even of an indirect character, for the exclusion of court evidence from the mails. The nearest approach to anything of the kind was an order issued by the postmaster-general some months ago, under which newspapers all over the country were directed to cease publication of suggestive and improper advertisements. It is claimed that the postmaster-general had authority to take this step. If he has power to go a little

further and determine what shall be published in the news columns, carrying the matter to its logical conclusion, the postmaster-general can become, if he so elects, the censor of the press.

This dispatch concludes with a reference to the Crumpacker bill. It is summed up as follows:

The President has given notice that if the Senate concurs in the action of the House on the modification of the fraud order law, he will veto the measure. He is determined to protect the people from swindling schemes, as he is now determined to prevent them from being corrupted by reading such revelations as the Thaw trial affords.

The above is thus commented upon by Mr. Pierce in the book "Federal Usurpation," above quoted:

Even in France, the arbitrary power exercised by our Postoffice Department would not be tolerated for a moment. The Gaulois, a Parisian paper, speaking of President Roosevelt's action in excluding from the mails newspapers printing the details of the Thaw trial, said: "No sovereign in Europe, unless it be the Czar or the Sultan, has the power to do what the American executive has done." The Gil Blas, another paper, commented on the same matter, saying: "Imagine President Fallieres interdicting and expurgating such an account." If publishers must run the gauntlet of such secret and irresponsible postal supervision, the freedom of the citizen would seem to be greatly impaired. In England, from whence we drew our principles of English liberty, and where happily they still continue, the Government has no authority to seize the stock of a publisher because it consists of books, pamphlets and papers which, in the opinion of the Government, contain seditious or dangerous matter.

WAS CORTELYOU REVENGEFUL?

The Fifty-ninth Congress expired by limitation on March 4. On that day Cortelyou knew that he must vacate his berth as postmaster-general. During the few days remaining of his administration, after the fate of the Crumpacker bill had been definitely sealed, he complained bitterly to Arthur Dunn of Lewis' advocacy of that measure. His aides had been about him for many days, assisting him to frame his rejoinders in the controversy on the Lewis case that was then raging between himself and Third Assistant Madden. The last two days of his administration, he asserts, were devoted almost exclusively to this matter. March 4 was Lewis' birthday. A birthday festival was being celebrated at his home in University City. The telephone bell rang. Lewis was called to the phone. A telegram from Washington was repeated to him over the wire. It announced that, as the closing act of his administration, Cortelyou had withdrawn the second-class privilege from both of the Lewis publications.

The fight against the fraud order had been lost. Was the destruction of the Woman's Magazine a blow in retaliation? Was it an effort to prevent further agitation of the ease of the People's Bank? Or, was it indeed justified upon the state of facts set forth in the preceding chapters? From the actual conditions, as they existed, every reader must draw his own deductions.

CHAPTER XXVII.

PLOT AND COUNTER-PLOT

THE APPEAL TO ROOSEVELT—THE "SHOT-GUN LETTER"—PETITION OF ST. LOUIS BUSINESS MENS' ASSOCIATION—THE EKSTROMER TRAGEDY—INJUNCTION PROCEEDINGS—THE DETECTIVE, BECK—ALBERT'S INVESTIGATION—THE GETTY COMMISSION—THE MANHATTAN CAFE INCIDENT—LAWSHE LOSES CONFIDENCE—LESAN-FRANCIS NEGOTIATION—MAD-DEN PUBLISHES HIS STORY—ENTER WILLIAM H. TAFT.

THE WHITE HOUSE

WASHINGTON

March 15, 1907.

Mr. Dear Mr. Bartholdt: I have received your letter of the 14th instant, enclosing a letter to you from E. G. Lewis, under date of the 11th instant. Mr. Arthur Dunn, Mr. Lewis' Washington representative, called upon me yesterday and upon his representations I was about to take the matter up with Postmaster-General Meyer and Secretary Cortelyou today. In this letter of Mr. Lewis, however, in what Mr. Lewis says about Mr. Cortelyou and in what he says about me, he is not only deliberately threatening us, but deliberately trying to blackmail us. If he has had any information showing corruption by Judge Goodwin, the assistant attorney-general of the Postoffice Department, as he says he has had for over a year, and has failed to bring it to my attention, he has been guilty of outrageous misconduct. Now, in his letter to you, the implication is plain that he wishes to bargain for the suppression of his cases against Judge Goodwin, in consideration of the order against his publications being revoked. I shall order an immediate investigation into Judge Goodwin. But this letter of Mr. Lewis would alone absolutely force me to decline, under any consideration whatever, to reopen the matter of the order itself. I shall put the letter before Secretary Cortelyou and Postmaster-General Meyer, together with a copy of this my letter to you, and shall inform Mr. Dunn of my action. As regards Mr. Lewis' threats concerning me, I may add that there could be nothing to which I would feel more profound indifference.

Sincerely yours,

(Signed) THEODORE ROOSEVELT.

Hon. Richard Bartholdt, House of Representatives.

The foregoing letter marks one of the great crises in the Siege of University City. It makes good the prophecy of Secretary of State Swanger in his overtures to Frederick Essen, the second receiver of the People's Bank, that upon the side of Lewis' opponents would be found the entire Administration "from the President down." It will be observed that Roosevelt does not here attempt to pass upon the merits of the controversy. The question of the rights of the Lewis Publishing Company to the second-class mailing privilege for its two publications is not raised. This issue was never definitely joined before the President. This bomb which shattered the last hope of Lewis and his associates for justice at

the hands of the administrative branch of the Government, through the intervention of the Chief Executive, was a premature explosion. It came about by the veriest fluke. The decision thus voiced by Roosevelt is simply to sustain Cortelyou. He says: "I was about to take up the matter with Postmaster-General Meyer and Secretary Cortelyou today, * * * but this letter of Mr. Lewis' would absolutely force me to decline, under any consideration whatever, to reopen the matter of the order itself." Thus the presidential fiat went forth. The order was not to be reopened. The mind of Roosevelt, once made up, is not easily altered. This was especially true, when the honor and good name of a personal friend and member of his official family were at stake. Cortelyou, at all hazards, was to be sustained. The only recourse of the Lewis Publishing Company was in the courts.

THE APPEAL TO ROOSEVELT.

The effect of this last and deadliest blow of the Administration will be better understood when it is known that Lewis had been an ardent admirer of Theodore Roosevelt throughout the latter's strenuous career. A Republican in political affiliation, Lewis shared with some millions of his fellow citizens the universal honor and esteem in which the President was then held, as an individual, and as head of his party and of the Nation. He also entertained a personal regard for Roosevelt, the ex-ranchman, warmly colored by a species of boyish hero-worship. For Lewis, as a boy, spent two years upon a Western ranch not many miles distant from that of Roosevelt. He relates, on one occasion, having made a pilgrimage to visit Roosevelt, at which time he seems to have fallen under the sway of the latter's magnetic and likeable personality. The columns of the *Woman's Magazine* certify to the unshaken loyalty of Lewis to the ideal which he had cherished of the hero of the Little Big Horn all through the two years' warfare with the Triumvirate at St. Louis following the destruction of the People's Bank. Both his editorials and his personal correspondence prove that he had maintained this confidence inviolate.

On one of his trips to Washington to attend a Gridiron Club banquet, Lewis, as publisher of the *Woman's National Daily*, was accorded through the courtesy of Arthur Wallace Dunn, the honor of a personal interview with the President. The call was a purely social one. The controversy between Lewis and the Postoffice Department was not touched upon. Lewis recalled to the President's recollection his visit to the latter's ranch. Though the circumstance had passed from Roosevelt's mind, he remembered distinctly a certain pair of gorgeous leopard-skin chaps which he was then wearing. These had caught Lewis' eye and filled him with admiration. The interview, in short, was most cordial. Lewis came from it with renewed loyalty to Roosevelt and with the most absolute confidence that an appeal for justice to the Chief Executive of the Nation if one should be necessary, would meet a receptive ear.

We are now to learn how the final appeal to Roosevelt against the decision of Cortelyou excluding the *Woman's Magazine* and *Farm Journal* from the second-class mails was thwarted. This hope of relief having been frustrated, we are next to consider the tangle of plots and counter-plots whereby, during the summer and fall of 1907, Lewis sought, through every conceivable channel of law, of influence, and of intrigue, to bring about the reinstatement of his publications in the mails. The effect of Cortelyou's decision, if not speedily reversed, manifestly meant the ruin of the Lewis Publishing Company. The difference in postage between the second-class and the third-class rate amounted to over a half-million dollars, or nearly double the profits on the two publications affected. By their suspension the company's revenue, with the exception of that of the *Woman's National Daily*, would be cut off. The *Daily* was then an object of investment, rather than a source of revenue. In common with all new publications, it was being run at a very considerable loss. It was thus apparent to Lewis and his associates that, unless the two magazines could be reinstated, the entire plant would be shut down and the company must go into voluntary liquidation.

Lewis, when brought face to face with this situation, acted with his usual promptitude. He dispatched lengthy telegrams of protest to both senators and every representative of the State of Missouri at Washington, and to many other congressmen of his acquaintance. These telegrams he followed with personal letters, reviewing his controversy with the Department and urging his appeal for justice. He then commissioned McWade and Dunn, the Washington representatives of the *Daily*, to interview Third Assistant Madden, incoming Postmaster-General Meyer, and the President himself, with a view of taking an appeal to the head of the Administration from the decision of Cortelyou. The first effect of these measures was recorded in special dispatches of March 7 to the St. Louis papers. The *Republic* said:

Senator William J. Stone of Missouri today entered a vigorous protest against Cortelyou's action in the Lewis cases. Senator Stone has received many telegrams from St. Louis, protesting against the arbitrary action of the retiring postmaster-general. He desired, if possible, to make a joint call with Senator Warner upon Postmaster-General Meyer. Senator Warner is not in town, so Senator Stone went to the Postoffice Department alone. He called upon Third Assistant Madden, who said the matter had been taken out of his hands, and that he could do nothing. Senator Stone then addressed a letter to Postmaster-General Meyer, a copy of which was given to the press. He says: "It is simply amazing that Mr. Cortelyou should, in the very hour of his retirement, make an order declaring the journals of the Lewis Publishing Company were published at a mere nominal rate and primarily for advertising purposes. I make no charge against anyone, but I do say that for an executive official to make such an order and thus destroy property valued at millions of dollars, in which thousands of honorable citizens are interested, smacks of tyranny and rank injustice. I wish, as representative of Missouri, and above that, as an American citizen, to enter protest against this autocratic and arbitrary

edict. I desire to ask you to take this matter up and review it, to the end that justice may be done to the thousands who, I believe, have been grossly wronged.

The result of an appeal to Senator Beveridge of Indiana, long recognized as the friend of Lewis, but also known to enjoy the fullest confidence of the Administration, affords an illustration of the difficulty in bringing to bear effective pressure against the ex-campaign manager of the party in power. It elicited a personal reassurance of sympathy. This, however, was offset by a protestation of absolute faith in Cortelyou. Senator Beveridge says:

Dear Mr. Lewis: I have been unable to follow your controversy with the Postoffice Department recently, and do not know anything about the ruling to which you refer in your letter of March 5. I also regret to say that I have been so busy that I have not had a chance recently to look over the paper. The closing days of the session have kept me at work all day and practically all night all of the time. I am under the impression that you have been hardly dealt with and, as you know, I have done everything I could for you. I am at a loss to understand it all, for my faith in Mr. Cortelyou, whom I have known for many years, is absolute.

On March 6, 1907, Postmaster Wyman had the pleasure of officially notifying Lewis that the application submitted by him on August 2, 1902, for entry of the Woman's Magazine as second-class matter, had been denied, and the second-class mailing privilege theretofore extended the Woman's Farm Journal had been withdrawn and the order granting same revoked. Lewis was further advised that the postmaster's action in charging excess postage on the two publications had been sustained, and that a demand for the amount still due would be submitted in detail within the next few days.

THE "SHOT-GUN LETTER."

Here the plot shifts to the court of Cæsar, to whom the actors in this American drama now made bold to appeal. This is a scene in which tears and laughter, pathos and tragedy, are strangely blended. Enter a congressman, acting the part of clown; the President of the United States in the role of Cæsar; a Swedish nobleman, a former subject of the King of Sweden and accredited Swedish vice-consul to the fourth city of the United States, as ambassador to Caesar. The ambassador is attended by a committee of citizens bearing to Cæsar, in behalf of a Middle Western American city, a petition demanding justice for an American business enterprise. First comes the clown, as "pathfinder." He seeks to make appointment for an audience for the ambassador. Blunderingly he presents to Cæsar a private letter, not intended for the august eye. This voices all too emphatically the citizen's righteous indignation. It is damned in particular by the unhappy phrase: "It seems now that we can hope for no fairness or justice in this matter, except at the muzzle of the shot-gun." The "shot-gun" letter inflames the wrath of Cæsar beyond all bounds. He forthwith prejudices the case. The ambassador is spurned. The petition is

cavalierly referred to the postmaster-general. The ambassador, incautiously indignant, then in his own proper person addresses the throne. He remarks, in substance, that his own king, Oscar, would receive a petition at the hand of the humblest peasant in Sweden, though the supplicant came barefooted before the throne. He convicts himself of "lese majeste," by inquiring "by what manner of reason" the President of the greatest democracy of the world dares refuse to receive the petition of the citizens of the fourth city of America. Again, the wrath of Cæsar is at white heat. And he is no mean actor when he assumes the centre of the stage. Through the State Department he demands the ambassador's head. The latter's exequatur as vice-consul is canceled. He is forced to submit a most humble apology. His exequatur is tardily restored. The whole scene thus far, despite its seriousness, smacks more of farce comedy, even of buffoonery, than of its actual earnest. But now the iron has entered the ambassador's soul. He, a Swedish nobleman, has been humiliated. The shame of that humiliation is more than he can endure. He returns to his home in St. Louis and after an interval, kills himself. Thus the curtain falls. The tragedy, after all, is real. The Siege of University City thus takes its first toll of human life.

Does this brief outline reveal the plot of a comic opera? No! It presents, instead, with substantial accuracy, the fact of the refusal by President Roosevelt to entertain a petition in Lewis' behalf, representing fifteen thousand citizens of St. Louis. The part of clown, oddly enough, was played by Congressman Richard Bartholdt, one of the most eminent and able members of the National House of Representatives. The "shot-gun" letter was addressed to Bartholdt personally. Had he communicated its substance to President Roosevelt in diplomatic fashion, the petition of the citizens of St. Louis doubtless would have been accepted by the President. It might even have led to a reversal of Cortelyou's decision. Improbable as this episode may seem, it can be verified. Lewis, on March 5, had written Bartholdt thus:

This outrage, so palpably an act of revenge for the urging of the Crumpacker bill, will raise a storm of indignation and protest that will seriously affect the next national election. I understand that prominent business men of St. Louis are now circulating petitions, to which will be appended thousands of signatures of the leading men of the city, urging the incoming postmaster-general to give us fair treatment. The more than two hundred thousand subscribers of our publications in Missouri, besides its Missouri stockholders, will not let this matter rest. Nor will the two millions of subscribers in other states and cities. We have never asked anything but justice. That is all we ask now. We urge upon you that we may have some expression from you as to this matter, and that you immediately take it up direct with President Roosevelt and ask him for a square deal.

Telegrams from Bartholdt on March 6 report interviews with Congressman Crumpacker, Judge Goodwin, Madden, the postmaster-general, and the President himself. He states that a written

brief was being prepared for presentation to the President and Postmaster-General Meyer. On March 9 he wires:

Had your proposition in postmaster-general's hands before Cabinet meeting this morning. First conferred with Senator Warner, who joined me in urging acceptance. Suggest that you appeal to President direct on behalf of company. Do so by wire, urging reconsideration, and meanwhile acceptance of your publications.

Answering this went the famous "shot-gun" letter. In it Lewis says:

Tomorrow at noon the officers and directors of the thirty business organizations of St. Louis are to visit our plant in a body, to frame a united protest from the city of St. Louis to be forwarded to President Roosevelt. I am in receipt of telegrams and offers of assistance running into thousands of dollars. These are made by publishers and business men throughout the country. All are determined that this thing shall be fought to the bitter end. I have refrained, heretofore, from publishing the matters in connection with the traffic in fraud orders by Judge Goodwin and his brother, Leonard Goodwin, regarding which we have had documentary evidence for more than a year. *It seems now as though we can hope for no fairness or justice in this matter, except at the muzzle of the shot-gun.* We propose to show that not only have men and concerns in all parts of America been blackmailed and mulcted of tens of thousands of dollars by the Goodwin brothers, but that Cortelyou was aware of this over a year ago. Wherever a fraud order was threatened, there appeared Leonard Goodwin with a guarantee of immunity on the payment of a fee ranging from \$500 to \$10,000. This fight has not yet started. If we may judge from letters and telegrams from all parts of America, this thing, unless immediately set right by Roosevelt giving us a square deal, is going to overthrow the Republican party at the next national election. You can have no conception of the intense feeling already aroused. The people are just now beginning to grasp the meaning of this terrible outrage. You will have the united support of the entire State of Missouri in your efforts to right this wrong. General public sentiment seems to be divided as to our ability to get a square deal from President Roosevelt. Many believe he will stand by his friend Cortelyou, regardless of right. Will he, after all his public pledges of a square deal to every man, permit this outrage to stand uncorrected?

This is the letter Bartholdt unwittingly placed in the hands of President Roosevelt. The President's reply has been set at the opening of this present chapter. Lewis, on receipt of a copy of the President's decision, protested to Bartholdt that his letter had not been intended for Roosevelt's eyes, and that its contents had been totally misconceived. Bartholdt, then, in a vain attempt to placate the President, addressed to him, on March 21, a manly and convincing letter, which almost compels the retraction of the term "clown" as applied to so brilliant, distinguished and well-intentioned a personage as Congressman Bartholdt. But to retract the term would be to spoil the story. So it will be allowed to stand, with the most humble apologies of the writer.

It would be interesting here to have answered this pertinent query: Was the wrath of Cæsar simulated for effect? Or was it, indeed, the prime motive of the decision? Bartholdt was not Lewis' only friend at court. The evidence of this came thus in daily bulletins:

March 9.—Loeb today said nothing had been done by the President in our case, and nothing will be done. So don't look for justice in that quarter. Cortelyou is all-powerful with Roosevelt. The postmaster-general will not talk until Monday at three. He will then have thoroughly acquainted himself with the Department's side of the case.

March 11.—Cannot see President until Wednesday. Understand White House is hearing from your friends.

March 13.—Engagement with President postponed. In event of hearing, would like you to present case. You can do better than anyone else.

March 14.—President doesn't see how he can reopen and review case, but will speak to Meyer tomorrow. Cortelyou will be on hand to oppose. I suggested that Meyer suspend debarring magazines until further hearing. He feared that would mean reversal of Cortelyou. He promised to consult Meyer; nothing more.

Then, under date of March 14, Lewis received from his Washington correspondent the following letter:

I have just had an interview with President Roosevelt. He announced that he could not take up and review the magazine case. He says that Cortelyou mentioned the matter to him before making the decision, and he told Cortelyou to be sure that he was right. He expressed himself as unwilling to have the whole matter reviewed, because it would take up so much of his time. I told him that Cortelyou was wrong on this question; that he was unfair, and that if he (the President) would take up the subject of nominal prices for publications he would find that McClure's and Munsey's were as nearly nominal at ten cents a month, compared to the cost of production, as the Lewis magazines are at ten cents a year. This rather jarred him. He asked about the same subject again. He said it was all a great question. I replied that it was well worth his time to consider, since there was so much involved.

I told him that you, like himself, would fight, and fight to the end. I said: "It will be what you call a bully fight, Mr. President, and I want you to know that I go with Lewis and that I believe he is right. He is going to make the same fight you would make under like circumstances. He has been with you in many of your fights. I think he likes you. But this is a case where he must fight for his existence. It will be a hot one." He said he appreciated a fighter as much as anyone. Then he promised to take the matter up with Meyer, but, of course, I know that he will have Cortelyou there, advising him. I could see that he hesitated, on Cortelyou's account. He feels that to reopen the case will be to discredit Cortelyou. That is the hardest nut to crack. If Cortelyou had gone out of the Cabinet, I am certain that a rehearing and reversal could be procured.

PETITION OF ST. LOUIS BUSINESS MENS' ASSOCIATIONS.

Come now the citizens of St. Louis, headed by L. D. Kingsland, president of the St. Louis Manufacturers' Association, in united action. The first step taken is the formation of a committee, headed by C. A. Ekstromer, then Swedish vice-consul at St. Louis, representing the heads of the principal business and commercial bodies of the "Fourth City." These embraced a total of some fifteen thousand citizens and tax-payers. This committee was instructed to repair forthwith to Washington and submit to President Roosevelt, personally, the protest of these citizens against the arbitrary action of the Administration in destroying one of the most notable industries of St. Louis. Preparations were being made to carry out these instructions, when, on March 21, came word that the President, because of the "shot-gun" letter, would neither receive the committee nor take up in any form the matter of revoking Cortel-

you's order. Chairman Ekstromer, however, was not to be thus put aside. Armed with his appeal, he went on to Washington in the full belief that the right of petition could not be denied, even the humblest citizen, much less the fourth city in the United States. In this he was mistaken. Under date of March 23 he wired Lewis as follows: "The doctor has spoiled everything. Forced to leave memorial with Loeb. Letter follows." Then follows this communication of even date, postmarked New York City:

I have telegraphed you that the doctor has spoiled everything. Of course you understood whom I meant by that, namely, Bartholdt. Mr. Dunn showed us the correspondence between yourself and Bartholdt, and the President's letter. We felt that it was almost useless to visit the White House, but we did go there and saw Mr. Loeb. He simply told us that the President would have nothing to do with the Lewis matter. Roosevelt knew that we were coming, and had given instructions to Loeb that he would not see us under any circumstances.

I stood on my dignity as an American citizen, representing fifteen thousand citizens of St. Louis and twenty-one mercantile and manufacturing organizations. I told him, absolutely, that we did not represent E. G. Lewis, but only the St. Louis associations, signers of the memorial. He replied: "You put it well, but you can't see the President." I am sorry more was not accomplished. We did all we could.

Summing up the case came this message, dated March 21, from the Washington correspondent of the *Woman's National Daily*:

I have just wired you the President's refusal to see the St. Louis delegation. I am unable, since the interview referred to in his letter to Bartholdt, to see the President myself. I saw Loeb today, to arrange a hearing for the St. Louis committee. I did my best to present the matter in a favorable light. He went to see the President while I waited. When he came out he said the President would not see anyone in connection with the Lewis matter. He further said there would be no revocation of Cortelyou's order during this administration, and that Lewis must look to the courts for redress. The president seems to be still incensed at your "shot-gun" letter.

I judge from what Loeb says that the attacks upon Cortelyou have also angered him. The President had Cortelyou for his secretary for two years. Then he made him Secretary of Commerce and Labor, and chairman of the Republican National Committee in 1904. He retained a man as postmaster-general for several months, so that Cortelyou might have that place when he was through with his campaign work. Then, upon the retirement of Secretary Shaw, he appointed Cortelyou to the second highest Cabinet place. Cortelyou can get to the President any hour, day or night. He can thus command the President's entire confidence. I judge from what Loeb says that the President is determined in his conclusions.

THE EKSTROMER TRAGEDY.

Had Ekstromer been made of such stuff as to suffer indignity in silence, he would have been content to let bad enough alone. But a brave man will not seek to save his life by keeping out of battle. This lion-hearted Swedish-American had the temerity to take to task the most powerful ruler on earth. Thus, as the sequel shows, he signed the warrant of his own death. This letter from Ekstromer to Roosevelt, dated April 7, 1907, has never before, as far as the writer can ascertain, been given to the public. Ekstromer said:

On March 22, with David P. Leahy, I made an attempt to deliver to you a memorial bearing on the ruling of former Postmaster-General George B. Cortelyou, regarding two of the publications issued by the Lewis Publishing Company in St. Louis. Mr. Leahy and I comprised a committee sent to deliver this memorial to you as President of the United States by twenty-one manufacturing, mercantile and civic organizations in St. Louis. These different organizations probably represent twelve or fifteen thousand American citizens. In other words, these twelve or fifteen thousand American citizens desired to petition you direct in a matter which they deem of vital importance to the city in which they live. We were informed by Mr. Loeb that you would not receive us, nor could we deliver to you, in person, this petition.

Speaking for myself, I desire to state that while a Swede, I am an American citizen of the same political faith as yourself. I hold from you, over the signature of your secretary of state, Mr. Elihu Root, the exequatur from the Department of State as vice-consul for Sweden in St. Louis. I speak of this so that you may feel assured that I have some knowledge of the courtesy due a citizen from the President, or the courtesy accorded to a Swede by his King. Let me tell you, if your name were Ole Olson and you were known to be only a peasant, living in a hut, that on presenting yourself at the palace in Stockholm at eleven o'clock in the morning of any week day in the year (when he was in the palace and well) you would have no trouble whatever in seeing and talking to King Oscar personally. More especially could you see him if you had a grievance or petition to present. Remember, I only speak for Sweden. There they have no anarchists, such as abound in Russia; neither have they secret police, such as I have heard stated find homes in Washington.

I have lived in the United States a great many years, and would not care to live elsewhere. But I have always understood that the right to petition the President was the inalienable prerogative of every citizen of this Republic. I should, therefore, like to ask you by what manner of reason you arrived at the conclusion to issue orders to your secretary to deny me and my conferee the privilege of delivering the memorial in question, into your own hands?

Next day, Ekstromer's report was made to a mass meeting of the indignant signers of the discredited memorial. Once more his name, as chairman, was attached to a ringing resolution, as follows, and transmitted to the White House:

Mr. President: At a meeting of manufacturing, commercial and civic organizations, held April 3, called to take action on the Lewis matter, a report was made by the committee which was sent to Washington to present a memorial on the subject to you, and the following resolution was adopted:

Whereas, A committee representing twenty-one commercial and industrial organizations of St. Louis was authorized and instructed to present to the President of the United States a memorial, asking for his investigation of the charges brought against the Lewis Publishing Company; and,

Whereas, The memorial was sent through this committee to the President asking simply a square deal for the Lewis Publishing Company, the largest establishment of its kind in the world; and,

Whereas, The President of the United States refused, absolutely, to receive the representatives of the commercial and industrial organizations of St. Louis; and,

Whereas, It is one of the vested rights of all the American people to have the privilege of petitioning the Chief Magistrate of this country:

Therefore, Resolved, That we view with alarm any prestige that this act of the President may have, and deplore most emphatically his refusal to receive the representatives of this city in their efforts to right what may have been a great wrong; and,

Be it further Resolved, That a copy of these resolutions be mailed to

the President of the United States, so that he may know the aggrieved feelings of the people of St. Louis.

Two weeks later, all the St. Louis dailies were agog with the news that Ekstromer's pleas for Lewis had cost the St. Louis vice-consul of Sweden his official position. Some months thereafter Ekstromer was reinstated. Still later he committed suicide, affected, it is believed, by the discredit brought to his friends and family in Sweden by this unhappy affair.

Roosevelt's arbitrary attitude left Lewis no recourse but the courts. He at first proposed to institute mandamus proceedings in the courts of the District of Columbia, in an effort to obtain an impartial review of Cortelyou's ruling. This was advised against, with the result that a bill in equity was filed in the circuit court of the city of St. Louis. This cause was entitled *The Lewis Publishing Company vs. Frank Wyman and James L. Stice*. The court was asked to restrain the defendants from putting into effect the order of the postmaster-general excluding the *Woman's Magazine* and *Woman's Farm Journal* from the mails. The case was subsequently removed to the circuit court of the United States for the Eastern Division of the Eastern Judicial District of Missouri. A temporary restraining order was issued, and a hearing ordered. A motion to dismiss the case was overruled.

INJUNCTION PROCEEDINGS.

The opinion, filed by Judge Jacob Trieber, is a landmark, not only in the story of the Siege, but also in the history of postal legislation. The court, after reviewing the facts touching the application of the *Woman's Magazine* for entry to the second-class mails, on the occasion of the change of the name from the *Winner*, on April 2, 1902, sustained the contention of the Department. The opinion of the court thus concludes:

It has been determined in the case of the *Woman's Farm Journal* that there was no hearing, and as the facts in the case are identical, the same conclusion would naturally be reached, if the second-class privilege had ever been granted. The grounds for the claim are that the *Magazine* was permitted to go through the mail ever since August, 1902, at second-class rates; that the temporary permit has never been revoked; that the notice on the *Magazine*, printed in compliance with the law, showed that the privilege granted to "The *Winner*" is claimed as the authority for this magazine; that the notice sent on June 5, 1905, was that the complainant "show cause why the authorization for admission of the *Woman's Magazine* to the second class of mail matter, under the act of March 3, 1879, should not be revoked," and that the letter of April 19, 1906, notifying the complainant of the day set for hearing on its appeal from the action of the postmaster in determining that the subscriptions to the *Woman's Magazine* did not exceed five hundred and thirty-nine thousand, nine hundred and one copies, also recognized the fact that the second-class privilege had been granted. For these reasons, it is claimed that complainant possessed that privilege and that it could not be revoked without a hearing, in conformity with the act of March 3, 1901. * * * Whatever the effect of the actions of the Department officers, as herein recited might be, if performed by officers of private corporations, or individuals, or their agents, is immaterial, for the law is well settled that the Government cannot be estopped by any unauthorized acts of its officers, or their mistakes.

Laches is not imputable to the Government in its character as sovereign by those subject to its dominion. * * * It is conclusively shown that no permit had ever been granted allowing the Woman's Magazine the second-class rate privilege, except the temporary permit, and that provides specifically that the permission is only granted "until the Postoffice Department shall determine whether it is admissible as second-class matter." The only determination by the Department is made on March 4, 1907, refusing it. As the law does not require the Department to grant a hearing on that question, none was necessary, and as there is no provision of law for reviewing the action of the postmaster-general, the injunction prayed must be refused.

On April 25, a motion for a temporary injunction, pending an appeal, was denied. A demurrer of the defendants to the plaintiff's complaint was likewise overruled, and time was extended on sundry occasions thereafter for the taking of testimony. Thus, the cause was protracted until April 22, 1908, when a motion of the defendants to dismiss the cause was filed. This motion was overruled on June 9. Further time was extended for taking proofs, until September 15, 1908, when a notice for trial was served by counsel for the complainant. Further technicalities intervened, postponing the issue until January 23, 1909, when sundry depositions were filed with the court. On these, the cause was submitted. The case finally came up for review in the United States Circuit Court of Appeals, Eighth Circuit, as No. 3038, May term, 1910, before Sanborn and Hook, circuit judges, and Amidon, district judge. The upshot was not unlike that of the celebrated case of *Jarndyce vs. Jarndyce*, which readers of Dickens' "Bleak House" will remember, was brought to an end only after the assets of the litigants had been eaten up by the costs. After dragging its weary way through the courts for four years and two months, Judge Hook delivered the final opinion. The court rules, in substance, that there is no longer anything for it to decide. As though their Honors appreciated the humor of the situation and were aware that even the parties at interest might have forgotten what the case was about, the opinion was preceded by the following summary:

This suit was begun March 18, 1907, by the Lewis Publishing Company, the publisher of the Woman's Magazine, against Frank Wyman and James L. Slice, respectively, the postmaster and assistant postmaster at St. Louis, Missouri, to enjoin them from depriving it of the right to send its publication through the mails as second-class matter at the postage rate of one cent per pound. The bill of complaint contains a prayer that the court ascertain and adjudge the amount of complainant's subscription list for the months from September, 1905, to March, 1907, and that defendants be perpetually enjoined from interfering with its enjoyment of the second-class mail privilege, according to the extent and limits thereof, as ascertained and decreed by the court. There was also a prayer for general relief. An application for a temporary injunction was denied, and upon final hearing the bill of complaint was dismissed. The complainant appealed. * * *

The decision of the postmaster-general proceeded upon the assumption that the case was one of an original application for entry of the publication as second-class matter, instead of one concerning an entry previously accorded. But, whatever the true situation in this respect may have been, and whether a legal hearing was had, are questions that need not now be

determined. After the order complained of was made by the postmaster-general, and while this suit was pending in the circuit court, complainant made another application for entry, and upon compliance with certain requirements of the Department it was granted. Complainant has ever since enjoyed the privilege. Manifestly, therefore, whether it has been previously accorded, and, if so, whether it was annulled without a hearing, are moot questions. The functions of a judicial tribunal do not extend to the declaration of abstract principles of law, or the determination of questions of fact not involved in actual controversy. When the element of controversy disappears from a case, through a change of circumstances or by the act of the parties, the case will be dismissed.

After commenting on sundry technical questions raised by the pleadings, as to which the student is referred to the official record, the court says: "But these questions need not be determined. * * * There is nothing of an equitable character in the cause of action or the defense. * * * The prayer for general relief means relief agreeable to the case made in the bill. * * * The dismissal of the complainant's bill should, however, have been without prejudice to its rights at law, in respect to the excess payments of the postage and the bonds. The case is remanded to the circuit court for the modification of the decree accordingly, and as so modified the decree is affirmed."

SANBORN'S DISSENTING OPINION.

All of which means simply that the Lewis Publishing Company spent some thousands of dollars, seeking relief in the Federal courts only at the end of three years to be virtually thrown out of court, no wiser than when it came in. A dissenting opinion, however, was rendered in this case by Sanborn, who says:

I find myself unable to concur in the opinion of the majority that this has become a moot case, or that the complainant has a remedy at law so prompt and efficient as to bar relief in equity. The admissions of the defendants and the evidence in this case, have convinced me that the Woman's Magazine was admitted to transmission in the mails as second-class matter in October, 1902; that from that time forward the complainant was entitled, under the repeated rulings of the officers of the Postal Department and under the statutes and the regulations applicable to that Department, to the transmission of sample copies of the Woman's Magazine equal in number to the copies sent to legitimate subscribers, and that these copies of the magazine were transmitted as second-class matter with the knowledge, consent and approval of the officers of the Postoffice Department under their admission of October, 1902, until March 4, 1907. Those officers and the Government, for whom they were authorized to act in this matter, were estopped by these acts from denying that this magazine was entitled to the benefits of transmission as second-class matter at the pound rate of postage.

On March 4, 1907, without any notice of any hearing upon the question of the suspension or annulment of the second-class mail privilege, which the complainant's publication has been admitted to enjoy, after a hearing at which the officer of the Postal Department in charge thereof informed the complainant that the only question then to be heard was whether or not the legitimate subscriptions to the Woman's Magazine exceeded five hundred and thirty-nine thousand, nine hundred and one, and at which hearing he expressly denied the request of the complainant to see or to hear and to know the evidence against it upon the charge that was on hearing, and at which this officer and the Department withheld from the complainant all knowledge of this evidence, the officers of the Postoffice Department suspended and annulled the second-class privilege that had been accorded to the Woman's Magazine and refused to accept any copies of it for mailing at the second-class pound rate of postage. This order of the Department was, in my opinion, beyond its powers and void because

it was made without the notice and without the hearing which conditioned the jurisdiction of the officers of that Department to make it.

The evidence in this record and the admissions of the defendants in their pleadings, in my opinion, render the defendants liable at law and also in equity for the amount of these deposits in excess of the postage justly due on account of the claims made by the defendants. To my mind the facts they present lead unavoidably to the conclusion that these moneys and bonds were extorted from the complainant without lawful authority, and leave the defendants without jurisdiction. While they may be liable at law, equity has concurrent jurisdiction with the law in all cases where a long and complicated account, composed of numerous items, is in controversy. While an action at law may undoubtedly be maintained for the amount to which the complainant is entitled here, a court of equity has concurrent jurisdiction of this accounting. And such a court, with its deliberative methods, its power to select men of training and experience in work of this nature, its authority to consider and modify their reports after exceptions and hearings, is alone competent to take fairly and to adjudicate justly the balance of such an account. The remedy at law, which necessitates the submission of such questions to a jury, is neither adequate nor as efficient to attain the ends of justice as the remedy in equity, and it cannot bar the latter.

Finally, the fact that the complainant, which was deprived of all its rights to use the mails during the months of April, June, July, August, September, October and November, 1907, and of the accounting concerning the return of the amount due it, on account of its deposits ever since they were made, succeeded on a new application, made in September, 1907, in obtaining a part of its right to use the mails since December 17 in that year, does not appear to me to have waived its right to the accounting and the adjudication of the amount due it on account of the deposits or to the determination of its right to a cancellation of its bonds. In my judgment the decree below should be reversed and full relief in equity should be granted to the complainant in that suit.

In other words, had Hook or Amidon happened to acquiesce in Sanborn's opinion, instead of the reverse, the Lewis Publishing Company would have recovered from the Government, not only the excess postage assessed against it by Postmaster Wyman, but also, presumably, damages for the loss sustained by the exclusion of the Woman's Magazine from the mails and the arbitrary enforced reduction of its subscription list, on condition of which it was afterwards reinstated. Such are the law's delays and the possibilities of the miscarriage of justice, to which the citizen is rendered liable where abuse of administrative power compels him to have recourse to the courts.

TRIEBER'S DECISION.

The decision of Judge Trieber, from which the above appeal was taken, was received in St. Louis by mail from his home in Little Rock Ark., on April 18, 1907. A temporary injunction was granted to the Woman's Farm Journal, but a similar injunction in behalf of the Woman's Magazine was denied. Among the vital points in controversy, ruled upon in this decision, were these: First, on the contention of the Government that two former hearings had been granted the company, Cortelyou was overruled. The court held that there had been no hearing within the meaning of the act of March 1, 1901. This statute provides "When any publication has

been accorded second-class mail privileges the same shall not be suspended or annulled until a hearing shall have been granted to the parties interested." On this point, the court said:

The hearing of June, 1905, was not treated as final. The Postoffice Department, at the hearing of April 30, 1906, led complainant to believe that it would be given a full opportunity to be heard and submit evidence on the issue of revoking second-class privilege, under the citation of June 5, 1905. Relying on that assurance, complainant, on that hearing, did not present any evidence. The order of the Postmaster-General revoking the privilege, also shows that it is based solely on the hearing had on April 30 and May 1, 1906. It is, therefore, impossible to sustain the contention that the order revoking the second-class privilege of complainant was based upon the hearing had in June, 1905, and as it is undisputed that at the hearing had on April 30 and May 1, complainant was advised that this matter would not be taken up then, but that he would be notified thereafter when to appear for a hearing on that issue, and as it never has been so notified, it is impossible for the court to make a finding that there had been any hearing on this issue, within the meaning of the law.

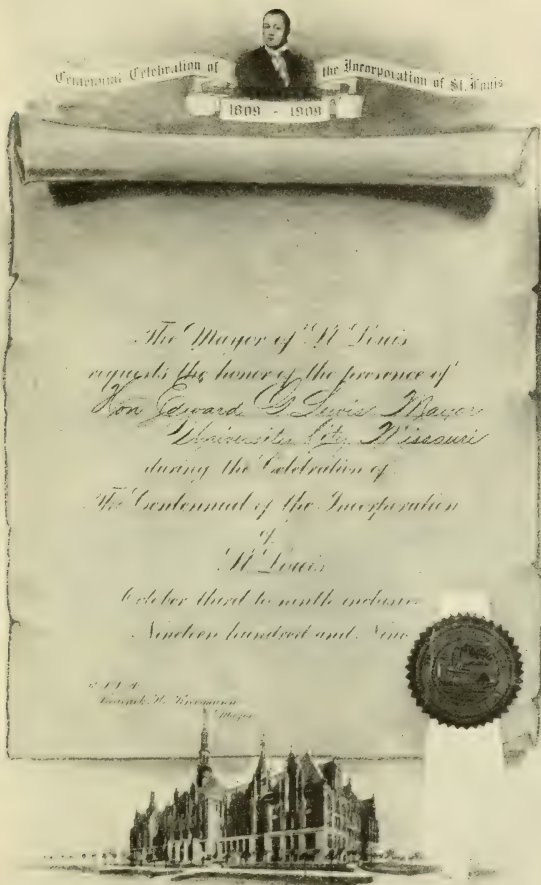
Touching the question of excess postage, the court thus held: "As Congress has seen proper to entrust this entire matter to the postmaster-general, the courts are powerless to interfere. * * * The court finds itself powerless to review the action of the postmaster at St. Louis, affirmed by the postmaster-general, as to the number of copies of the *Journal* which complainant can transmit through the mails at the one-cent-per-pound rate."

The effect of this decision was to limit the mailings of the *Woman's Farm Journal* to the number fixed by the inspectors; namely, one hundred and forty thousand copies, plus an equal number of samples, whereas, the guaranteed circulation of that paper had previously been six hundred thousand. It excluded the *Woman's Magazine* altogether from the mails. When interviewed by a reporter for the *St. Louis Republic*, Lewis said:

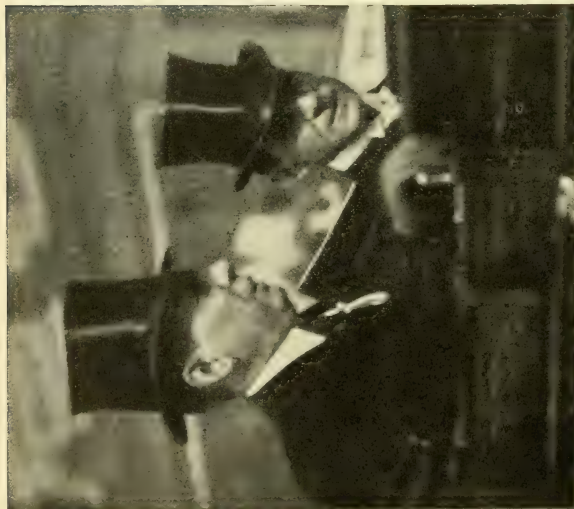
A property valued at two and a half million dollars has been wiped out by the decision of Judge Trieber, in sustaining the claim that the *Woman's Magazine* was granted only a temporary second-class mailing privilege. The May issue of the magazine will be mailed out to the subscribers under full postage. It will contain a statement of the case and an appeal to our readers to renew their subscriptions at the rate of twenty-five cents a year. The express companies have made us a rate of one-half cent a pound, which is less than the second-class rate of the Government, and we may decide to circulate the magazine in this way. In that case, we will require an agent in every town. We may apply for another second-class permit for the magazine, but we have not definitely decided to do so, as we feel that the Postoffice Department will decline to issue it.

Postmaster Wyman expressed himself as much much gratified at Judge Trieber's decision. Wyman here shows that the effect of the decision was to mulct the company in the amount of over one hundred thousand dollars. He said:

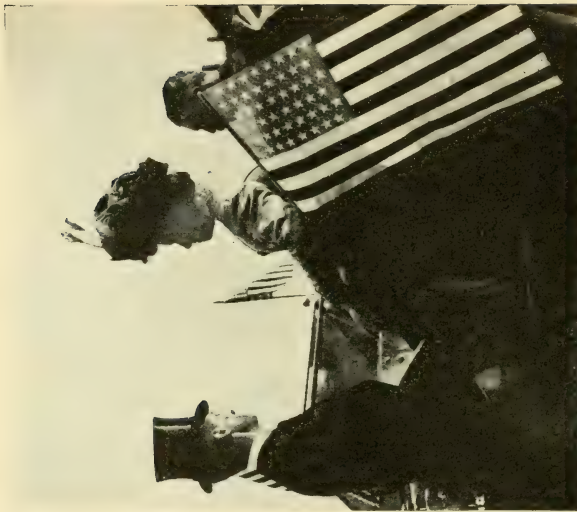
The Lewis Publishing Company now owes the Department about fifty-five thousand dollars for postage on the *Woman's National Daily* and thirty-four thousand dollars on the *Woman's Farm Journal*. Besides this, one bond for five thousand dollars, another for ten thousand dollars, have been exhausted. A bond for fifty thousand dollars, secured by James F. Coyle and Theodore F. Meyer, and one for twenty thousand dollars have also been exhausted.



Facsimile of invitation to Centennial Celebration
 Mr. Lewis as Mayor of University City as guest of honor occupied the leading
 carriage with Mayor Kreismann of St. Louis in the civic parade on this occasion



¹Snap shot of Lewis occupying leading carriage with Mayor Kreismann of St. Louis in the civic parade of the great St. Louis Centennial, October 30, 1909



²Snap shot of Lewis greeting Mrs. Kreismann at the plaza of University City during the celebration. Mrs. Kreismann was escorting the wives of the 500 visiting Mayors through University City

Trieber's decision marked another of the great crises of the Siege. The avenue to redress through the Federal courts now seemed closed. True, an appeal could be taken, and this was done. But, as we have seen, a decision could not be hoped for until far too late to have any substantial value. Madden, who had refused to testify at the hearings before Trieber, on the ground that, pending the appointment of his successor, he was still an employee of the Department, now renewed his advice that the company proceed to sue out a writ of mandamus against the postmaster-general in the courts of the District of Columbia. He privately advised Lewis that Trieber's decision was, in his judgment, due to the fact that Glassie's superior familiarity with postal legislation and expert knowledge of postal law, had enabled the Government to overmatch the arguments of counsel for Lewis. He expressed the opinion, that Trieber's decision that the Woman's Magazine had not been in fact admitted to the second-class, was contrary to the law and evidence in the case; and that, if the facts were properly presented, the contentions of the company would be sustained by a court having the proper jurisdiction.

A COUNCIL OF WAR.

The best legal talent obtainable in St. Louis was retained by Lewis at this crisis and a full council of war of his friends and associates was called. The attorneys for the company and special counsel were present. Madden's brief and recommendation were submitted, canvassed and rejected. The pendency of the indictments against Lewis, which it was supposed would shortly be brought to trial, and the likelihood of civil suits being brought by the postmaster at St. Louis to recover the alleged excess postage, were thought by counsel for the company to render the course proposed by Madden inadvisable. It was, furthermore, decided that the ground of attack should be shifted from the Government itself to the officials individually, and that suits should be instituted for heavy damages against Inspector-in-Charge Fulton, Postmaster Wyman, Assistant Attorney-General Goodwin and Cortelyou. In view of the mystery which seemed to surround the attitude of the Department and the persistent assaults on Lewis' enterprises, one after another, it was further decided to fight fire with fire and to take steps to penetrate, if possible, the councils of the enemy. The substance of the plan of campaign thus agreed upon was outlined by Lewis in a letter under date of May 2, 1907, to Madden, who had by this time retired from the Postoffice Department. He said:

Our plans were decided on by the full board after a long and careful consultation. The best legal talent in the city has been lined up. We shall bend every energy to secure a sweeping victory on the indictments, thereby dealing a crushing blow to the Government and the local crowd. Immediately on the settlement of these indictments we shall bring the following suits: A civil suit against Wyman personally for two hundred and fifty thousand dollars; a damage suit against Cortelyou for five hun-

dred thousand dollars; a blanket suit for conspiracy against the whole crowd, including Goodwin; a libel suit for enormous damages against the St. Louis Post-Dispatch. In addition, we shall endeavor to have Wyman and Fulton indicted for criminal conspiracy and malicious prosecution. There will thus be five different suits, all instituted at the same time.

Should we take the step you suggest, or any other step, at this time, the Government would undoubtedly postpone all the big litigations, such as the indictments and civil suits for excess postage, and keep them hanging over us. Then, if the decision went against us, it would be used as a basis for heading us off. There are now but twelve days left before the beginning of trial on the indictments. A victory on them would put the Government on the defensive. For nearly two years these indictments have been kept hanging over us. They have been paraded and heralded by Cortelyou and Goodwin in private letters and pamphlets, as proof of our guilt. The first step for us is to clear these out of the way. A victory on them will be *prima facie* evidence of malicious and vicious prosecution and conspiracy against us, and would be a tremendous help in our damage suits against both Wyman and Cortelyou. If you could have given your evidence on these matters at the hearings before Trieber, there is not the slightest doubt that we could have won a complete victory. We must now bring out your testimony on the witness stand, but I believe it will be all the stronger, from the fact that you refused to testify while in the service.

THE STORY OF THE DETECTIVE, BECK.

The employment, by Lewis, of an operative from the Pinkerton detective agency was also agreed upon at this conference. It was thought that such an operative could form the acquaintance of the postoffice officials, at St. Louis, and find out by whom the assaults on Lewis' enterprises were being instigated. Lewis makes this statement to the Ashbrook Committee:

We made a most persistent effort to learn what was behind these attacks. It did not seem reasonable to suppose that just the ordinary practice was being followed, because the minute one method of assault had been set at naught by the development of facts, we were attacked in some other way. It made no difference what we did, we were subject to these attacks. It became perfectly evident that there was something very deep behind the matter. These attacks seemed to be coming from a number of different sources. There seemed to be some great power behind them. I made up my mind to find out what it was. So I went to the Pinkerton people and secured one of the best men they had. I said: "I do not want to prosecute this thing in any way, except to get information. I want to find out what is behind this fight. I want you to send your best man to St. Louis and have him get acquainted with the postoffice crowd and find out from the inside what is behind this proposition." They sent their superintendent, Ira L. Beck. He soon got acquainted with the postoffice inspectors and Mr. Wyman. They became very confidential. In fact, they used him as their meal ticket. I mean, he was paying their board before they got through. In fact, they got to using his automobile without asking his permission—or I presume I should say my automobile, because I was paying for it.

The reports of this detective were made in writing and sworn to. I have had them all these years, but I have refused in any way, shape or manner to utilize them, although I have been repeatedly urged to do so. I do not like such methods. I was fighting against them myself. I adopted them in this instance simply because it seemed the only way possible to find out what was behind this thing in the postoffice at St. Louis.

The reports were made by Mr. Beck direct to the office of the Pinkerton agency, and then forwarded to me. At first it was a little difficult for the detective to get just the information we wanted. So I suggested to

him that as Mr. Wyman was the agent of the Pike Adding Machine Company, he drop a hint that he, or his brother, probably would require some adding machines in their business. He did that, and was immediately adopted as a blood-brother by the office force there. I authorized him to purchase one of the adding machines. I concluded I could use it to advantage in keeping track of the indictments and investigations against me. I have that machine yet. After the purchase of this machine and the prospective purchase of additional ones, they seldom let Mr. Beck out of their sight.

I wanted to know whether the Postoffice Department or Mr. Cortelyou himself was behind this, or whether it was a purely local fight. I wanted to learn whether powerful interests, such as the transit companies there, or real estate interests, were trying to get this property away from me, or whether a more far-reaching influence was being exerted. That was my sole purpose. I wanted to see what were the motives involved in this entire business.

I am not clear on these today. I am inclined to think this whole siege started in a small way. Possibly the first motive might have been overzealousness on the part of some postal official, kindling a small blaze which soon became a conflagration. There may have been some banking interests implicated. Mr. Cortelyou had destroyed the bank, but instead of proving to be a fake and a swindle, as the inspectors had given everybody to suppose, it was found to be absolutely sound, solvent and straight in every particular. They had put the knife into the back of the victim. Then there was only one thing to do—namely, to finish the murder. I think that is pretty nearly the truth of the matter.

This detective became intimately acquainted with Fulton, Stice and other inspectors there, the postoffice clerks and Mr. Wyman. The general purport of his findings, as reported to me, was that they had been ordered, direct from Washington, to put us out of business in pretty much any way they could, and that they would be sustained in anything they did. The chief thing was to get me locked up and silenced before the next campaign.

Preserved in Lewis' private vault are the daily reports submitted and sworn to by Beck, beginning with that of May 13, 1907, and continuing uninterruptedly until August 13. These reports, complete files of which were submitted in evidence before the Ashbrook Committee, bear directly upon many vital issues of the Siege. Space forbids even an attempt to summarize them here. Upon their face they show intimate personal relations between the detective and Postmaster Wyman, and report many confidential communications with one W. Reiter, clerk and stenographer to the inspectors, as well as automobile rides and dinners with the inspectors themselves. One excerpt from Beck's detailed reports must serve as an example of the rest. He here recounts the incident at Suburban Garden, on the dividing line between St. Louis city and St. Louis county, when Wyman, who had been decoyed there as Beck's guest, was served with papers in the civil suit for damages brought by Lewis. This report covers the date of July 5. This incident is regarded by Lewis as positive corroboration of Beck's reliability. The strategy of counsel for Lewis, required that service be had on Wyman in St. Louis county. The object was to bring the suits to trial in the jurisdiction where Lewis' home and the plant of the publishing company were located. Beck reports that after a pri-

vate talk with Lewis he called at the postoffice on July 5 and took Postmaster Wyman to luncheon. He then says:

At 6:00 p. m., after a great deal of difficulty, I was able to reach Mr. Miller at his home by telephone. I then told him Wyman and I would attend the performance at the Suburban Garden during the evening. At 8:05 p. m., I called at Wyman's home, met him and his daughter and we went to the Suburban Garden theatre. After the performance a sheriff served Wyman with the papers in several suits for damages. These suits were brought by the Lewis Publishing Company against Wyman and Fulton. We left the Garden as quietly as possible. Wyman had become nervous. He insisted on boarding the first car, although it was crowded. As soon as we got on, Wyman and I started reading the writs which had been served on him. After we had finished Wyman said: "I will tell you something, but you must not mention it to anyone until it becomes public. The grand jury returned seven indictments against Lewis today. Post-office Inspector Stice called me up by telephone at 7:00 p. m. and told me. I guess these will keep him pretty busy for a while."

When we got off the car at Hamilton avenue, Wyman asked me to walk over to his home and talk with him a while. I remained with him on his front veranda until 1:30 a. m. During the time he remarked: "The Government will take care of me in the suits; they will furnish the attorneys to fight them." I asked him why the Government would furnish the attorneys for him, and he replied: "I have been making this fight on E. G. Lewis, as the postmaster of this city, not as a private citizen. Former Postmaster-General Cortelyou approved of the fight which Fulton and I have made on Lewis. He will without doubt stand by us in the fighting of these suits." I asked him if the fight were not, in reality, started by Cortelyou. He said: "Oh, no; Fulton started this fight on Lewis, and I have approved everything he has done. Cortelyou and all the postoffice officials at Washington have also approved of everything done by Fulton and me in this matter. Even the President has approved of our work on this case. But the powers at Washington did not start this Lewis fight. They had nothing to do with it for some months. After we had worked on it several months and had secured a lot of evidence against Lewis and presented it to the powers at Washington, they saw things in the same light as we saw them, and they then gave us their approval and support."

He later remarked: "This thing has now reached a stage where it is Fulton and me against E. G. Lewis. We must convict him and put him out of business, or we are both ruined. Personally, I have not had much of a hand in this fight. Fulton, whom I trust as I would my own family, has carried on this entire fight, with the able assistance of Stice. I have, as postmaster, signed the letters and papers in this case, but Fulton wrote all the letters and drew up nearly all the papers. I have just signed them. Most of them I signed without reading. I really know only what Fulton and Stice tell me. I would give a great deal to know that the thing was over with, as it has made life miserable for me for two years, and I do not believe I could stand much more of it."

"It seems strange to me how this fellow Lewis can keep up the fight. I know he is smart and clever, and I believe the best business man in St. Louis, if not in the entire United States. But, with all his great cleverness, I do not see how or why we have not finished him. Fulton has promised me time and again that he would soon have him finished up. But I find him still on hand, making just as much noise and fight as ever. It is not encouraging to me. If I could get this fellow Lewis to go straight, I would be willing to put every dollar of my money into his publishing business and to take a position with him as manager or assistant manager, as I know if anyone could make this fellow be honest and pay the United States Government the correct postage, why, the Lewis Publishing Company would even then make barrels of money. Lewis is really a most wonderful man. His father is a minister—a fine man—and his mother is a



¹Police Department of University City

²Fire Department and automobile fire engine



*Washington University as viewed from University City ¹Administration Building
of Washington University ²Art Museum, Forest Park*

*The grounds of Washington University occupy the angle between University City
and the location in Forest Park occupied in 1904 by the St. Louis Worlds Fair*

fine woman. But E. G. Lewis does not take after his parents in honesty. He is a beautiful talker and a wonderful writer. He has a fine face, a most pleasing manner and he just hypnotizes the people. Why, just think of it! He has fooled such men as ex-Governor Stephens, Meyer, Carter and hundreds of other bright, smart lawyers and big business men of the country. A man, to do that, is surely a wonderful man. * * *

"Some time ago the United States Government got out a small booklet giving a full, condensed history of the Lewis case. This was gotten up by Fulton and sent to Washington, where the assistant postmaster-general and Cortelyou revised it. They reduced it nearly half. Then the Government sent out thousands of them, so that people who had become convinced that Lewis was being persecuted by us could learn our side of the case. Many people throughout the country, who had given Lewis assistance and sympathy, dropped him after they had read our little booklet."

He stated he has one of these booklets in the original form, as gotten up by Fulton, and also one of the revised copies, which he would show me some time. He then continued: "I am told by Fulton and Stice that Lewis will be convicted, sure, in the bank case. But I am afraid we may not be able to use much of the evidence which we have against him, for while we are satisfied with our evidence, I am not sure whether the court will consider it or allow us to present it." * * * He practically admitted to me that the evidence which they had against Lewis is of a kind that will be nearly useless as evidence in a court, for nearly all of it will not be admissible. Wyman was in a very nervous state during the last evening, and I was afraid he was going to have a fainting spell several times during the night.

MADDEN PLANS WASHINGTON CAMPAIGN.

Immediately after severing his connection with the Department, General Madden had conferred with leading members of the Washington bar as to the propriety of becoming associated with Lewis in the effort to set right the great wrong he believed had been done the Lewis Publishing Company. He sought, further, to prove to the world the propriety of his own official conduct, which had been impugned by Cortelyou. He was advised by counsel that, morally and otherwise, he had a perfect right to place his services at Lewis' disposal, but that it would be expedient to defer such action until the pending injunction proceedings should be disposed of by Judge Trieber. At Madden's request, Lewis wired him, April 19, the substance of Trieber's decision, as follows:

Trieber ruled no hearing was given on either paper, but as Magazine had only temporary permit, none was required. On that ground the Magazine injunction is refused. Farm Journal injunction granted. Decision that Cortelyou suppressed Journal unlawfully without hearing is important.

On receipt of this information, Madden urgently recommended the arrest of Wyman for the holding up of the three hundred thousand copies of the Woman's Farm Journal in October, 1905. He also advised proceedings to replevin the copies thus impounded. He argued that such an aggressive stroke, followed by the institution of civil suits for damages, would strike terror into the opposing camp. Lewis' Washington representative reported counsel for the Government as privately admitting that such an action would "knock the bottom" out of the Department's case. These proposals were considered by Lewis' attorneys, but it was thought that under Missouri laws they were not practicable. The arrest of

Wyman could only be brought about through an indictment by the grand jury. This course, it was believed, would be blocked by the Federal officials. Owing, also, to the pendency of the indictments against Lewis and his associates for conspiracy, these steps were deemed inadvisable.

Lewis' correspondence with his Washington representative and with Madden, affords a detailed review of every move made by him and his counsel to check the legal maneuvers of the Federal officials. The frequent skirmishes and court battles must, for the most part, be passed over. We can only describe the occasional events which mark some dramatic crisis. In response to the criticism of Madden that Judge Trieber should have been forced by counsel of the company to decide the main issue raised by the demurrer, Lewis replied:

Judge Barclay consumed an entire day, and his arguments were able and exhaustive. When his attack on the legal basis of the indictment was sprung upon the Government forces, it acted like a bomb-shell. Trieber demanded of the Federal attorneys whether they knew of any contradictory statute. He then began to question the Government's special attorney, Judge Krum. Krum took the position that the bona fides of our subscription list was no defense, claiming it to be tainted by the conspiracy to defraud the Government. When asked by Trieber to define a "conspiracy," Krum said it was "two or more men getting their heads together to commit a wrong." Asked whether he meant a legal or moral wrong, Krum replied that he meant a legal wrong. Trieber pointed to the statute and said: "How could there be a conspiracy if there was no legal wrong, according to this statute?" The Government contended that the mandate of the postmaster-general had the force of law, if his ruling was within the discretion of the postmaster-general. Trieber did not want to decide this big question. The difficulty is that Federal judges seem disposed to rule that the postmaster-general is an absolute and arbitrary power. We feel that we have been very fortunate in having a judge like Trieber, who had the backbone to go as far as he did.

Lewis further remarks that when Trieber pledged the company in open court to try the bank case on June 10, the Federal officials found it necessary to tear up the courtroom and make repairs in that wing of the building. Commenting upon this move, Lewis remarks: "They evidently did not want Judge Trieber to try this case. We have decided, therefore, to bring all our suits in a bunch." The filing of the first suits mentioned in the report of the Pinkerton operative was communicated to General McWade at Washington by Lewis. These consisted of the suit against the Post-Dispatch and Inspectors Fulton, Stice and Sullivan for libel for seven hundred and fifty thousand dollars. Copies of four additional suits against Wyman and Fulton were also transmitted to Washington for Madden's information. A. S. Worthington, a prominent member of the Washington bar, was then retained by Madden in Lewis' behalf, and arrangements were effected to carry on a fight simultaneously, both at St. Louis and at Washington. This campaign was planned to take effect in the early fall of 1907, when official Washington should have returned from its annual summer outing.

A telegram from Lewis to General McWade, dated July 13, affords a point of contact with still another negotiation of special interest, by reason of the important developments which followed. Lewis said: "Have delayed writing you fully, awaiting certain extremely interesting developments here. Will send complete details today." The allusion here is to the investigation and report made at this juncture by Allen D. Albert, editor of the Washington Times. Touching this report, Lewis made the following statement to the Ashbrook Committee:

I believe the first time I ever saw Mr. Albert was when he walked into my office one day and gave me his card. He said he was out there making an investigation in regard to our matters for Mr. Cortelyou. He was going back to Washington that afternoon, but before going he wanted to ask me a few questions. I told him I would be very glad to throw the whole institution open to him, and answer every question.

Something he said caused me to mention the investigation of the Citizens' Committee. He asked to what I referred. I told him this question had all been threshed out by a committee of business men of the city of St. Louis, assisted by public accountants, and that they had made a report covering the whole thing. He said: "That is strange." I said, "What is there strange about it?" He replied that he understood all the documents and information in the case had been submitted to him before he left Washington, but that he had never heard of this business men's committee report.

I then went to the safe, took it out and spread it on the floor. The tabulated summaries were too big to spread out conveniently on my desk or table. He then got down on the floor and commenced to look it over. The more he examined it, the more interested he became. As a result he stayed in St. Louis, if I remember rightly, a couple of weeks, instead of going back that afternoon. He made his inquiry and investigations very exhaustive. He called on a great many of the business men, bankers, judges, the postmaster, the inspectors and others before he left. He afterwards made a report of his investigation, and sent me a copy.

ALBERT'S INVESTIGATION.

General Madden, in commenting upon this occurrence, says: "The findings of Mr. Albert clearly illustrate the state of public opinion at St. Louis and elsewhere as to the status of the Siege in July, 1907." Albert's report was made in the form of a memorandum addressed to Madden's successor, Third Assistant Postmaster-General Lawshe. It purports to give the substance of certain conversations with Cortelyou. Albert says, in substance:

I went to Mr. Cortelyou in July and told him I had discovered that the sentiment of business men in the Middle West was decidedly adverse to him and to the Administration, because of the action in the Lewis case. I said I was informed that Mr. Lewis was innocent of any intentional wrong. I reminded him that grave charges had been made against the inspectors and Judge Goodwin. I told him I was going to Chicago and St. Louis, and desired information to lay before the business men I might meet. Cortelyou outlined the case and asked me to examine the record. Upon my return I reported to him substantially as follows:

"That I had come back from a careful study of the situation satisfied the Government could not convict Lewis upon any of its charges, as set forth in indictments.

"That the case depended upon two men, Inspector Fulton and Postmaster Wyman; that the former was indiscreet, overzealous, mistaken or worse, and the latter a fathead.

"That two men officially connected with the Government's proceedings against Lewis had reported that it could not convict him.

"That between them, Fulton and Wyman had committed the Postoffice Department and Mr. Cortelyou beyond all reason.

"That the proceedings against Lewis appeared to me to be chiefly a series of mistakes, and that the same view, with knowledge of the mistakes, was held in the offices of the following newspapers: The New York Times, the New York Sun, the St. Louis Globe-Democrat, the St. Louis Republic, the St. Louis Star-Chronicle, the Chicago Record-Herald, the Chicago Tribune, the Indianapolis News, the Washington Times."

"PUT LEWIS OUT OF BUSINESS."

I told him of statements made to the effect that Inspector Fulton and Postmaster Wyman, in a conference in Washington with Cortelyou, Meyer and Goodwin, had been told that they must finish up this Lewis business before spring, or make way for someone else. Cortelyou, it was said, had given his photograph to one or both of them, and had promised them advancement if they "put Lewis out of business." Fulton, I found, was ambitious. He is reported to have said it was "either Lewis or myself." Wyman, I found, was being made a tool of the inspectors. Men said of him that if he could "hold down" the job of postmaster, they were willing enough he should have it, "poor darn fool," etc. It was told that he was the only prime mover in the Simmons Hardware Company who did not have brains enough to take part in the management, and that he was let out on that account. Finally, more than one man told me Wyman had said he "never wrote an original letter in the Lewis case," that "Fulton wrote them and he just signed them." It was common report that his bondsmen were making his life miserable.

One of the men who impressed me most favorably in St. Louis told me that former District Attorney Dyer had said he had not been able to take a single indictment against Lewis into court, because Fulton had failed to supply him with any sufficient showing of fact to sustain them, and that this explained why some of the indictments had gone over for two years, in spite of earnest efforts on the part of Lewis' attorneys to get a trial.

In this connection Wyman is quoted as saying: "I have not been sleeping well for several nights. I have been worrying over that d—d Lewis matter. They raised h— with Fulton and me at Washington over this dirty mess, and I am really worried about those damage suits. * * * All they did on this last trip of ours was to give us the dickens for not having put the fellow out of business a long time ago. Fulton, however, assures me that we have no cause to worry, as we will surely put him out of the way this fall, forever. But I do not feel just as positive about this as I did, and not nearly so positive as Fulton does. If I do not convict him I will not be reappointed postmaster, and I do not know what I could or would do. I now have things in fine shape in the office, as Mr. Meyer has granted me all the increases of wages which I asked for my men and has also granted me several promotions which I had made pending his confirmation."

BANKERS' AND BUSINESS MEN'S OPINIONS.

Practically all the business men with whom I talked, thought the Postoffice Department should have waited either upon action from the Department of State of Missouri or the Treasury Department of the United States, or until it could move jointly with one or both of them. While it was appreciated that the postoffice officials had their separate responsibilities, it was yet the feeling that the Department had set out to make an issue with Lewis, whether his bank suited the state or national banking officers or not. The fact that the first application for a receivership and the first appointment of a receiver were subsequently set aside, is regarded as most significant. It is the general belief that the report of the receiver fully exonerates Lewis by these words: "Every loan and invest-

ment held by the People's United States Bank has been liquidated one hundred cents on the dollar with interest to date. The deposits are being paid in full and I have already declared dividends to the stockholders of eighty-five per cent."

On the banking cases I talked only with bankers. But on the withdrawal of the second-class mailing privilege I talked with business men generally, trying to see an equal number of my own choosing and of Lewis'. Those selected by me, whose views are important, were Nathan Frank, Republican national committeeman from Missouri, part owner of the Star-Chronicle and former representative; Mr. Lesan, one of the most incisive young business men I have ever met; and Walter B. Stevens, long one of the most highly respected of Washington correspondents. They, like every other of the one hundred and ten men who knew enough about this case to talk of it to me, characterized the Government's course against Lewis, particularly in withdrawing this privilege, as "outrageous." Most of them regarded it as evidence of a purpose on the part of the Department officials, whether Fulton or his superiors, to ruin Lewis before he was brought to trial. They all accept the view of the editors of the Globe-Democrat and the Republic, that those two newspapers are as subject to exclusion for being published at a nominal rate as either of Lewis' magazines. * * *

I told Mr. Cortelyou that Representative Overstreet, after rather a full discussion of the Lewis case, expressed to me decided doubt whether or not the Government was justified in proceeding against Lewis so severely. Nathan Frank told me that if the Republicans had ever had a chance to carry Missouri a second time, this case had cost them that chance. He had been a member of a committee of business men which had counted the original orders of subscription and knew that the Government's contentions were wrong. He did not believe Fulton's superior officers would hear any statement of the case which brought into question any step they had taken. Walter B. Stevens told me it was one of the saddest experiences of his life "to realize that the postal authorities did not want to do the honest thing in this case." John A. Lewis said, in my hearing, that the effect of the inspectors' course in this case was to make every banker in St. Louis fearful of their power, and that the inspectors had pursued Lewis as he had never known any citizen to be pursued. Harry Lesan gave it as the opinion of one business man in twenty-four that "Lewis might be guilty;" of three that "they did not know;" of the remaining twenty, that they were "morally certain that Lewis was innocent." Former Governor Francis, holding this view, did not hesitate to communicate it to the editors of the New York Times. The other papers named obtained their understanding of the case, by separate inquiry on the part of persons concerned in their management.

VIEWS OF CORTELYOU.

I then urged upon Mr. Cortelyou the need to the Administration of making manifest in results its disposition to be fair, if the disfavor of the business men I had encountered was to be counteracted. To that end I asked him to arrange with the attorney-general that the present district attorney for St. Louis be summoned and asked—not perfunctorily, but specifically—whether or not the indictments against Lewis were sustained by adequate showing of fact. If they were not, I suggested the wisdom of abandoning them, with a statement to the press which should give the reasons for that action. Mr. Cortelyou replied that such advice could hardly go from him to a Department with which he was not connected. He agreed, however, to arrange that the district attorney should be summoned, and, in the event that the indictments were found to be without sufficient foundation, that he would use his personal influence to have them abandoned immediately. Moreover, though not directly and explicitly stated, I think it fair to say we both understood that, in the event the indictments were found to be sustained, he would use his personal influence to have them brought to trial, without further delay.

Then followed the ensuing conversation:

Would Mr. Cortelyou look with disfavor on the readmission of the two Lewis magazines to the second-class privilege? No.

Would he oppose it? No.

What would be required, in his judgment, for the readmission of the magazines? They must meet the requirements of the law.

What did he regard as the requirement of the law in this case as to "nominal rate"? He did not mean that Lewis must increase the price of his magazine to twenty-five cents a year, or anything like that.

As to "being published primarily for advertising purposes"? Well, the magazines would be judged for what they were when offered for readmission, not for what they had been.

As to "a legitimate list of subscribers"? Lewis must satisfy Mr. Lawshe.

Did Mr. Cortelyou feel that it was fair to shut out a certification like that of the Association of Advertisers, on the ground that no count could be made? No. He was surprised to know that the Association of Advertisers had made such a certification. He would be inclined to attach as much importance to it as I.

Might I, then, write Mr. Lewis to make application for the readmission of his magazines to the second-class privilege, on the assumption, by me, that Mr. Cortelyou would not look with disfavor on their readmission to the second-class privilege? Yes.

Would Mr. Cortelyou pave the way for me to say as much to Mr. Lawshe, in order that Mr. Lawshe might know how I became interested, that I was honest, that I had begun my investigation through a desire to help Mr. Cortelyou and the Administration, and that I still held to those purposes, though I sympathized with Mr. Lewis and liked him? Yes.

Commenting upon this document, General Madden remarks:

This report shows that Albert was inspired to make his investigation by what he deemed to be a wrong done by the Government to E. G. Lewis and the institutions of which he was the creator. The report also shows it was generally conceded that the ex-postmaster-general still controlled the Post-office Department, in so far as its dealings with these magazines were concerned. Mr. Cortelyou was now secretary of the treasury. If the magazines complied with the law, how could they lawfully be kept out of the second class? Plainly, this was not deemed a matter for the new postmaster-general, but for the old, and, equally as plainly, it was not a question of whether the magazines complied with the law of Congress, as it was applied to all others, but whether they complied with the law as Cortelyou would have it administered to them, regardless of how it was administered to others. One cannot read this report and not understand how generally it was understood that Cortelyou controlled the action of the Postoffice Department in this case, even after he left it. Albert's application to him on behalf of Lewis, to know whether he would "disfavor" the readmission, is most significant.

LESAN AND ALBERT NEGOTIATIONS.

The month of August, following the investigation by Mr. Albert, was signalized by the opening up of two lines of negotiations whereby Lewis sought to forestall impending ruin. The first of these was the attempt to make peace with the Government. The second was the endeavor to bring about the reorganization of the Lewis Publishing Company. Both culminated during a trip which Lewis made to New York toward the end of August, and both were frustrated, as the sequel will show, by an incident of premature publicity. These two plans were distinct from one another,

although the fact that Lewis was engaged upon them simultaneously tends to give the impression that they were closely interwoven.

Albert records in his report an interview with H. E. Lesan, who, he states, had been engaged by certain business men to investigate the Lewis Publishing Company. The report was favorable to Lewis. Both Albert and Lesan thus became interested, as investigators, in Lewis' affairs, and each independently volunteered to assist Lewis to get back upon his feet. Albert proposed to play the part of peace-maker with Cortelyou, and through him with Lawshe, Madden's successor as third assistant. Lesan, himself an experienced advertising man and promoter of exceptional business ability, proposed a project for the reorganization of the Lewis Publishing Company, under the auspices of former Governor David R. Francis. Both men were willingly commissioned by Lewis to undertake their respective ventures in this behalf. Both lines of investigation were gotten under way immediately after Albert's visit. Such were the developments concerning which Lewis wired to McWade on July 13.

Lewis addressed to Lesan, at the Auditorium Annex Hotel, Chicago, on the day following Albert's departure from St. Louis, a letter opening as follows:

I want you to convey for me to Governor Francis, in asking him and other gentlemen to come on the board of the Lewis Publishing Company and take its management, my absolute assurance that it is my firm intention and purpose to be guided by them in all things. I shall subject myself fully, in all matters relating to the business, to their wisdom, direction and advice. Pending this negotiation, I shall abstain from any further comments in the Daily calculated to complicate the matter or arouse further animosities.

Lewis then expressed his belief in the future of the Lewis Publishing Company when its magazines were reinstated. He said that Albert, after completing his investigation, felt strongly that the representative men of St. Louis should come to the protection of the company to prevent its being done to death. He then expressed the hope that Governor Francis might agree to take the leadership in the proposed reorganization.

Lesan wired Lewis from New York on July 27 as follows: "Encouraging interview today. Governor Francis asks that you mail me Saturday, special delivery, Hotel Belmont, full list of accounts and bills payable of the company, with dates when they mature and estimate of money needed." On August 2, however, he wired: "Sickness in governor's family caused holding up of negotiations." Later, on August 7, he dispatched this additional telegram: "Leave for Chicago today; home Friday. Have much more encouraging report to make." Further detail is supplied by Lesan's letter to Frank of August 2, dated at the Hotel Belmont, New York. He says:

Governor Francis said he could not do anything in the Lewis matter, without going back to St. Louis. Developments here have made him decide he must stay in the East and finish his holiday. He cannot do any-

thing in the matter until he gets back, which may not be before September 15. He told me of a talk with the publisher of the New York Times, in which the latter expressed great interest in the Lewis case and intimated that he would like to open the matter up in his paper and see that Lewis got a square deal. It seems a shame that this proposition must go by the board because St. Louis men won't take hold of it, when there is so much in it for them, besides the working out of a public proposition and righting of what I believe to be a great wrong.

All being apparently quiet, both at St. Louis and Washington, Lewis took occasion early in August to make a flying trip to New York to further the matter of a proposed bond issue on the real estate of the University Heights company. This proposition was along the lines of the bond issue for seven hundred and fifty thousand dollars which had fallen through in 1905, by reason of the first postoffice investigation. He left St. Louis for New York on August 9. On August 11 Albert arrived from Washington and met Lewis at the Hotel Belmont, preliminary to a proposed conference between himself and Cortelyou. The day following, August 12, the conversation took place to which reference is made in Albert's written memorandum to Lawshe. He then caused Cortelyou to feel the whole effect of the personal impression made upon him by his investigation at St. Louis. The sequel will show that this conference bore fruit almost immediately. Meantime, Lewis' attention was distracted by news from University City of a fresh assault upon his one remaining fortification. This was an effort to silence his Gatling-gun, the Woman's National Daily. While Albert was engaged in his conference with Cortelyou, looking to terms of peace, the following telegram, signed by W. E. Miller, secretary of the company, was received by Lewis from the seat of war:

Five men here from third assistant postmaster-general's office to investigate Daily subscription list. They present letter from third assistant that the right of the Daily to the second-class entry is questionable. Have allowed them to start work.

THE GETTY COMMISSION.

This bulletin from the front was confirmed the day following by a letter of transmittal accompanying a copy of the following communication from Third Assistant A. L. Lawshe to the Lewis Publishing Company, under date of July 26. He says:

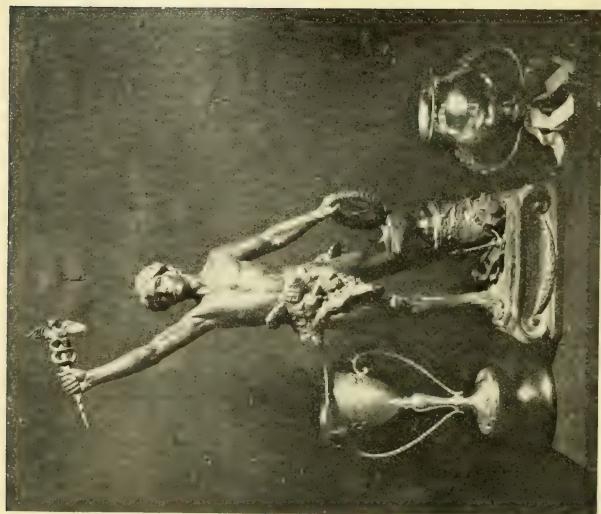
Referring to the Woman's National Daily, published by you at St. Louis, Mo., I have to inform you that the right of this publication to pass in the mails at the second-class rate of postage is questioned. Upon examination of the departmental record of the case, it is noted that at the time the postmaster at St. Louis was authorized to accept mailings of the publication at the usual second-class rates of postage, there was doubt as to the propriety of the action. I have, therefore, designated the following gentlemen, W. B. Getty, H. A. Kelly, A. E. Furniss and Wm. L. Moore, a commission to investigate the case of the Woman's National Daily. I beg to request that you will afford this commission every facility for procuring the information desired by it, in order that the facts in regard to the publication may be ascertained.

A controversy immediately arose between the Getty Commission and the company, touching the right of the latter to be represented



¹First (Class II) Chapter House of the American Woman's League, Edwardsville, Illinois. Members and guests on the occasion of an official visit by the executive officers from University City

²Interior of same. Observe in the foreground the Columbia phonograph and case of traveling library records with which the League Chapter Houses were equipped



¹Trophies presented to Mr. Lewis at the first Convention of the American Woman's League, June, 1910

²Trophy won by the balloon "University City" at the first national balloon race in Indianapolis, Indiana, June 5, 1909

during the count. This privilege had been accorded during the investigation made by the Fettis Commission. Madden's policy in this regard, however, was overruled by his successor, and the policy of inscrutable secrecy was insisted upon. Keenly sensitive to the dangers of another secret investigation, Lewis wired Miller on August 13 as follows: "Let men from third assistant's office have free access to subscription reports of Daily, but insist that one of our representatives be present at all times."

After reporting to Cortelyou, Albert returned to Washington and communicated to Lawshe by means of the memorandum above quoted the substance of his conversation with Cortelyou, and the latter's views. As a result of this interview he telephoned Lewis on August 17, advising him that, in his opinion, a new application for second-class entry would be received and favorably passed upon by the Department. The effect of such a message on a man of Lewis' optimistic and buoyant temperament may easily be imagined. His enthusiasm went to fever heat. The clouds of warfare which had so long lowered upon the horizon seemed instantly dispelled. The whole world was bright again. The misgivings and suspicions which had poisoned his mind against all postoffice officials now seemed unfounded in so far as Lawshe and the Getty Commission authorized by him were concerned. Hence, on August 17, he wired Miller as follows: "For reasons just developed, notify Washington commission that full and free access and facilities will be given it to make investigation of Daily without restriction or reserve." On that day he also instructed the officers of the company at St. Louis to make all preparations for bringing out the October number of the Magazine.

Prospect of renewed activities on the Woman's Magazine filled University City with a pleasant bustle and confusion. The old employees were summoned. The editorial staff once more set to work to make the forthcoming number, according to the unfailing tradition of all magazine editorial writers since the beginning, "the best issue ever published." Orders for paper stock were placed with the mills. Other supplies were replenished. Meantime, Lewis received from the manager of his Washington news bureau the account of an extended interview with Albert. Said McWade:

There is no doubt that Cortelyou, with whom Albert has presumably been acting, is scared and seeks to escape being called into court in Washington and exposed. I understand from Albert that Cortelyou expects us to abandon proposed proceedings in Washington, and other suits, in the event our magazines and the Daily are properly admitted to the second class and the illegally extorted funds restored. Lawshe has abandoned all idea of raising a hitch over the nominal rate and advertising clause of the second-class law, but asks that you satisfy him as to subscriptions.

Both are very desirous that you will not hereafter attack Cortelyou or the Department, in your editorials. I pointed out that the vigorous pounding which you have given them was necessary under the circumstances. I also reminded him that other leading editors are becoming interested. A representative of influential Texas newspapers has called upon me for the whole story, for campaign and other purposes. Albert admitted it could be

made a great campaign issue. I reminded Albert that Cortelyou had not yet written Lawshe the letter which he had promised to forward after his conference with Albert. The latter replied that Lawshe would doubtless get the letter within the next few days. "Well," I said, "it is now thoroughly understood that the Daily and the two magazines are to be formally and legally admitted; the illegally extorted money is to be promptly restored; the Government, through the Department of Justice, is to go into court and withdraw the indictments; the Department hereafter is to treat the publications as other newspapers and magazines are treated. In return for that, we are to withdraw our libel suits, and especially refrain from a libel suit against Cortelyou. We are, however, to proceed with our cases against Wyman and Fulton." "That's right," said Albert, "Wyman is only a fathead, and Fulton made use of him. Fulton deserves to be punished, and we are satisfied to make him the scapegoat. Meantime, Fulton can be transferred to some other place." Cortelyou is worried. He fears Madden and Glassie have joined forces with us. As Albert put it this morning: "Lawshe tells me you have Glassie on your side, and that he has thrown the Department over."

The day following this communication, Albert addressed the following brief note to Lewis at the Hotel Belmont, New York: "Can you come to Washington Friday, the 23d instant? I have talked with Mr. Lawshe and think it needful you should hear from him, first-hand, his views on the readmission of your magazines to the second-class privilege." Lewis responded to this invitation by a flying trip to Washington on the date mentioned. He then, for the first time, met the new third assistant. The interview was most amicable. He returned to New York in high feather to complete his financial arrangements. Here he received, on August 27, the following from General McWade:

I have learned, from inside sources, that Cortelyou and Meyer are at outs to a certain extent, and that Frank Hitchcock and the other assistants all side with Meyer. The opinion seems to be that Cortelyou is no longer as powerful with the President as formerly. Each day evidently weakens Cortelyou's influence with the Department. Yesterday, he sent a request that the records of our case be forwarded to him. I understand that copies have been submitted to him today. These facts show you the actual condition of affairs in the Department, and from them you can form your own judgment.

THE MANHATTAN CAFE INCIDENT.

Oddly enough, on this very day occurred the episode of Lewis' chat with Cortelyou in the café of the Manhattan Hotel in New York, one of the most dramatic incidents in the entire history of the Siege. Lewis' own story of this casual but momentous contact of the two chief personalities of our story, wherein, but for an odd freak of fate, their mutual differences might have been permanently reconciled, was thus told at the Ashbrook Hearings:

I went down to New York in the latter part of August, 1907. I was stopping at the Belmont, but one day went across the street to lunch at the Manhattan Café. As I went in I saw Mr. Cortelyou sitting at a table, with quite a large party. That was about the height of the panic of 1907. Things were greatly stirred up then. Mr. Cortelyou as secretary of the treasury, was much in the public eye. As I went in he bowed to me, and I to him. I went over and sat down at a single table. A moment afterward I was conscious of someone standing by my side. I looked up and saw Mr. Cortelyou. He put out his hand and I got up and shook hands with

him. He then sat down on the opposite side of the table, and we discussed the whole matter. I should say we talked in the neighborhood of twenty minutes or a half hour. The discussion became quite animated once or twice, but was entirely friendly. Cortelyou expressed regret at what had happened. He said that if I would go down to Washington, I probably would find that the whole matter could be straightened out very quickly.

I went to Washington that night. I called on Mr. Lawshe, who was then third assistant, and went over the matter with him. He said the publications would be admitted. Our talk was very friendly. All the bitter feeling seemed to have gotten out of it. Mr. Lawshe said he was not responsible for things in the past, and that we would take a fresh start. I said that was agreeable to me. I only wanted to save the institution from wreck and ruin, and build it up again. I called attention to the Citizens' Committee count and gave him a memorandum of about what the subscription list was when the papers were thrown out of the mails. It was then getting toward fall. All of the advertising patronage of the publication for the entire fall and winter, would depend upon our bringing out the fall issues. We had then been out of the mail several months. During that time our business had virtually been taken from us by our competitors. There was just one chance of re-establishing the property. If we could start clean with the October issue, and assure advertisers all over the United States that the controversy was ended, we could perhaps hold a large part of the business. The feeling among advertisers was strongly in our favor. I laid all that before Mr. Lawshe, and he told me to go right ahead and get out the October issue. He said that, so far as he could see, there would be no further controversy. They would grant us re-issue. I wired St. Louis to print the October issue and make application for re-entry.

When I reached Cincinnati on my way home, I picked up a morning paper. It contained a long article to the effect that Mr. Cortelyou had taken to the woods. It was headed "Lewis Wins." It looked as if I had inspired the article, although, in fact, I had not. The New York papers started this story. Some of them had long articles on the subject. This was probably due to the excited conditions in New York. Mr. Cortelyou was a very important personage at the time, on account of the panic. The reporters were following him very closely. My talk with him in the Manhattan Café had doubtless been observed. I was probably followed by a reporter, who put two and two together and made up the story. I had nothing whatever to do with it.

All Lewis' relations with the Postoffice Department seem to have been under the influence of some unlucky star. Publicity thus given to what the public could not help but regard as interference by Cortelyou in the affairs of a Department with which he had severed his connection, could hardly have come at a more inopportune time. Cortelyou's loss of prestige with the President, the growing prejudice against him in the Postoffice Department and the criticisms that were being leveled at him in the press, by reason of his close relations with Wall Street during the panic of 1907, all conspired to make peculiarly objectionable the idea that he was dictating to his successor. The publicity already given to Lewis' affairs, and the unrest among publishers because of the suppression of the Lewis publications, gave great news value to this item, and it was widely circulated.

The untoward effects of this most unhappy "scoop" of some nameless metropolitan reporter were almost as injurious to Lewis as the famous Post-Dispatch extra. The news was promptly flashed

over the wire to the St. Louis papers. The St. Louis Triumvirate were put upon their guard. Wyman and Fulton promptly expostulated against any such surrender by the Washington authorities. Meantime, Cortelyou and Lawshe, recognizing the publicity value of the story to Lewis in his advertising campaign, naturally supposed he had given or inspired an interview to the press. The tension between Cortelyou and the officials of the Postoffice Department was stretched to the breaking point. The good effect of Albert's negotiation and report was nullified. Lawshe now stood upon his dignity and insisted upon setting himself right before his official associates and the public through a statement to the press.

LAWSHE LOSES CONFIDENCE.

The most fatal consequence was the loss of confidence, on the part of Lawshe, in Lewis' discretion. In place of the sense of security with which Lawshe had discussed with Lewis personally the readmission of his publications, the former seems to have reached, by a natural revulsion of feeling, the opposite extreme of suspicion and distrust. His mind was thus open to receive the whole poisonous mass of accusations against Lewis, which were still festering in the secret archives of the inspectors' bureau. The renewed demands of the chief inspector at Washington, Inspector-in-Charge Fulton and the postmaster at St. Louis thus found Lawshe in a receptive attitude. The whole combination of circumstances caused him to assume and stubbornly adhere to the position that he would, thereafter, show Lewis not even the slightest favor. On the contrary, he announced that he would take no action whatever until the matter was presented to him through the usual departmental routine. This proposition, seemingly fair, had all the effect of the most active hostility upon the part of Lawshe, since it opened the way for the inspectors and the postmaster at St. Louis to continue their obstructive and destructive tactics. Hardly had Lewis reached home when he received from Dunn this telegram, dated Washington, August 31:

Third Assistant Lawshe issued the following statement today: "It is alleged in some of the recent press reports relative to the attitude of the Postoffice Department toward Mr. E. G. Lewis, of the Lewis Publishing Company of St. Louis, Mo., that the Department's position has not been correctly stated. The following statement is therefore given to the press. Mr. Lewis, president of the Lewis Publishing Company of St. Louis, Mo., and the publisher of the Woman's Magazine and Woman's Farm Journal, recently excluded from second-class rates of postage, was in Washington this week and was granted an interview by the third assistant postmaster-general, who has jurisdiction over the question involved. Mr. Lewis wanted to know if the Department would receive and consider applications for the readmission of his publications to the enjoyment of the second-class rates of postage. He was informed that he would be given the same treatment as would be extended to any other publisher under similar circumstances. He was told that he might present new applications alleging, with respect to the things to which the Department had previously objected, that the character of the publications had changed, since their exclusion from the second-class rates; and that, upon such application, the third assistant postmaster-general would act upon the cases upon their merits, without regard to anything that had previously occurred. The third assistant made it plain to Mr. Lewis that he would be treated no better and no worse than

any other publisher who might come before him. It is the purpose of the Postoffice Department to give Mr. Lewis every right to which he is entitled under the law.

All this, when translated from the language of diplomacy into that of every-day life, amounted to a declaration of war. It meant that Lewis, having been guilty, in Lawshe's opinion, of a breach of confidence, could henceforth expect to enjoy no further countenance nor favors. Lewis instructed his Washington correspondent to disclaim, in his behalf, any knowledge as to how the news of his interview with Cortelyou got into the press. Dunn reported on May 3 as follows:

Lawshe was much pleased that the publication did not originate with you. He told me that he had traced the matter and found that the first publication was a Washington dispatch to the Indianapolis News. Some hint doubtless came from Overstreet, or some other person who knew that things were moving. Lawshe was somewhat aggrieved that his official statement was not published in the Eastern papers, but recognizes that we were not responsible. He told me it placed the Department in an attitude it can't stand for. Cortelyou and Meyer do not like to have it known that the initiative came from the Government through Albert. He said that nothing could be done until the publication was offered for mailing, after it was printed. I asked him if the St. Louis postmaster would not pass upon the admissibility of the publication. He replied in the affirmative, but said there was no fear that Wyman would not act right and carry out the law. Now, while this talk is fair enough from Lawshe, it gives the St. Louis gang an opportunity to hold up your issue, pending examination and reference to the Department. Wyman will not be given any instructions from here to admit your magazines. Will he not deny them admission, following out the old Cortelyou order, until he has some intimation or notice to the contrary?

LESAN-FRANCIS NEGOTIATION.

The news that Lewis' publications were about to be restored to the mails brought Lesan's efforts for a reorganization of the company to a climax. On September 3, he addressed a lengthy letter to Governor Francis at New York, enclosing clippings from the St. Louis papers, indicating a settlement of the case. After describing the status of Albert's negotiations, he said:

A few weeks ago, Mr. Lewis made an appeal to his stockholders for one hundred and fifty thousand dollars, covered by a mortgage on the Woman's National Daily mechanical plant. About forty thousand dollars have been subscribed. With favorable action by the Government, he feels confident he can procure the rest. Another matter has come up in this connection. You remember the gentleman I introduced to you at the Belmont in New York, Mr. J. V. Dittmore, formerly vice-president of the Van Camp Packing Company, of Indianapolis? He has sold his interest in that concern for a large sum, which he has in an Indiana bank, in cash. Through me he has become interested in the Lewis Publishing Company, and after an extended interview with Mr. Lewis, returns here this week to confer definitely about taking a good interest in the business and assuming financial and business management of the publications. Mr. Lewis gives the greatest evidence of increased wisdom and more sober judgment as the result of his responsibilities and experiences during the last two years. Everybody is congratulating him on his great victory. A great deal of advertising is being sent in for his October number. Nevertheless, he is all the more determined to demonstrate his all-around business capabilities, by securing a strong board of directors, under whose supervision, he, with Mr. Ditt-

more and perhaps Mr. Walter B. Stevens, would actually manage the business. He says he will be happy to co-operate with and be amenable to this board.

Governor Francis was then requested to assume the leadership in the proposed reorganized directorate. On December 12, Lewis wrote to one of his associates that, after extended conferences by telegraph with Governor Francis, it had been finally decided to meet him in New York for a decisive conference. Subsequently, a complete plan of reorganization was presented to Francis for his approval. Before a decision could be reached, however, it became known that the second-class entry had once more been held up and that Lawshe's promises of justice at the hands of the Department were as vague as those of Cortelyou. By protracted delay in forwarding Lewis' application to Washington, Postmaster Wyman caused the loss not only of the October, November and December issues of the Woman's Magazine, but prevented the proposed reorganization. He succeeded, further, in cutting down the subscription list of the Woman's Magazine to about one-third its former circulation. In this he was aided by certain new regulations of the third assistant, whereby the sample copy privilege was largely restricted.

Early in September, while the October issue of the Woman's Magazine was in press, Lewis kept up an active correspondence with Dunn, McWade and Albert. He was thus in close touch with affairs in Washington. Lawshe refused to consider the application of the Woman's Magazine until it had been passed upon and submitted in due course by the postmaster. He declined to give any intimation of his probable action, or to in any way discuss or consider the subject. The general tenor of the reports submitted to Lewis indicated that the notoriety given the affair by the press was most annoying to Cortelyou and Meyer, and was being skillfully used to create prejudice against Lewis. As days passed it became more and more apparent that Lewis' opponents were fighting to have his subscription list cut down to the lowest possible limit. This would afford some effective defense of Cortelyou's decision. Lawshe showed an increasing disposition to defend Wyman and Fulton against the strictures of Albert's report, and to take exceptions to Lewis' views and conduct. Albert, however, wrote Lewis on September 11 an optimistic letter, describing an interview with Lawshe. The purport is summed up in the following paragraph:

Dunn and I both came away happy. That ought to tell you more about our talk than reams of typewriting. Lawshe is cautious. He has evidently felt the "come back" of Fulton and Wyman. He must make sure as he goes, but he has received from Mr. Meyer directly, and also from Mr. Cortelyou, word that the stand he has taken of giving you abstract justice has their entire support. I think he is mighty pleased with the opportunity of giving you a genuine square deal. I have good reason for believing that Lawshe and Cortelyou have quarreled over an attempt by the latter to butt in, and that Mr. Meyer has helped mark both the esteemed postmaster and inspector-in-charge out of the case.

The application for second-class entry of the Woman's Magazine was filed with the St. Louis postmaster on September 18. Lewis

on that day left St. Louis for New York for a final conference with Governor Francis. The application was promptly transmitted, and Lewis was duly informed of its arrival. After the conference at New York he proceeded to Washington, from which point he informed the officers of the company that the details of the reorganization probably would be concluded within a few days. Dittmore, he said, had come to a favorable decision. After conference with Lawshe, he wired University City on September 24 as follows: "I start home tonight. The Getty Commission is to make an immediate review of magazine subscriptions and report when certificate will be issued." So favorable had been the New York conference that the advertisement of the seven per cent notes in the Woman's National Daily was discontinued. St. Louis financiers had decided to take over the balance of the issue in a lump.

MADDEN PUBLISHES HIS STORY.

The first session of the Sixtieth Congress was signalized by the introduction of several bills growing more or less directly out of the Siege of University City. All these were submitted to Lewis' Washington representatives, and the influence of the Lewis publications was urged in their support. Among these may be mentioned the Wiley bill, which was introduced on December 2, to prevent the exclusion of a newspaper or periodical from the United States mails as second-class matter after having been accorded such privilege, without due process of law.

After leaving the Department in the spring of 1907, General Madden confided to McWade his purpose of compiling, from copies of correspondence and departmental records in his possession, a personal story of the Government's attitude toward Lewis. In carrying out this work he gave a complete and comprehensive review of the official acts of the postmaster-general upon the state of facts forming the basis for the chapter, "Cortelyou Shows His Hand," in this volume. During the summer Madden, in addition to briefing the legal points presented by Lewis' case against the Department, completed the manuscript of his book, "The Shame of the United States Government." Through General McWade, Lewis was kept informed of Madden's progress. In January, 1908, Madden took up his residence in St. Louis, having accepted a retainer from Lewis about the first of September previous. Shortly thereafter he arranged with the National Book Company of Detroit, Mich., for the publication of his book. Advance copies were issued on April 10. From a note written by Lewis to Madden, under date of April 16, the following is quoted:

The St. Louis Republic gave your story about two full columns on the front page. The Chicago Inter-Ocean and Record-Herald both ran full digests of the book's contents, under scare heads. I understand one of the Washington papers gave the book two columns. It is now beginning to get back into the country.

The St. Louis Globe-Democrat absolutely ignored it. The Post-Dispatch took a left-handed pick at us and the book. The Times, which had been indorsing Cortelyou for the presidency, had never a word to say. Cortel-

you himself, as usual, has nothing to say, except that he has given out a statement that he was not in any wise responsible for the indictments. This, in itself, is rather significant.

The first effect of Madden's story was to strengthen the popularity of the Crumpacker bill. This measure, however, was blocked by the Foster bill, which had the approval of the Administration. Foster, as chairman of the Judiciary Committee, was in a position to block the Crumpacker bill, and did not hesitate to do so. Dunn thus reports the situation on April 8: "Foster tells me he would like to have his bill put forward if he can come to an understanding with Crumpacker. There is really a little rivalry between the two for the credit of advocating a bill which will provide a judicial review of fraud orders." In other words, sentiment had changed and was now almost wholly favorable to Lewis' principal contention, namely, that the postmaster-general's arbitrary power should be subject to judicial review.

Now came Lewis' second trial, conducted by Judge Riner. It continued from May 7 to May 14, and resulted in Lewis' acquittal. Two days later the Foster bill was reported to the Judiciary Committee by a sub-committee of that body as a substitute for the Crumpacker bill. Some of the objectionable features of the original Foster bill were eliminated, and various amendments were offered. The effect of Lewis' trial on official circles in Washington was thus chronicled by Dunn in a dispatch to the Daily of May 19:

Intense interest was manifested everywhere, upon receipt of the decision in the famous Lewis case. Scarcely a senator or member of Congress who was informed of the verdict and action of the judge, failed to express gratification that justice had been done. Senators Clark and Warren, of Wyoming, spoke in the highest terms of Judge Riner of that state. They said there was no better judge in that circuit. This gives emphasis to the court's decision. Heretofore, attempts to interest congressmen in the Lewis case have been met with incredulity, because the officials responsible for his prosecution had, with great cunning, spread reports that Lewis was under indictment. His acquittal has caused a revulsion of feeling in his favor.

ENTER WILLIAM H. TAFT.

Lewis' ability to gain and maintain the confidence of those high in administrative circles served as an inspiration to his personal representatives in Washington, and in a measure paved the way for the interviews they were able to gain with those closely in touch with affairs at the White House. As far back as 1905, Lewis had formed the personal acquaintance of President Taft, then governor of the Philippines. In the September, 1905, issue of the *Woman's Magazine* appears editorial reference to negotiations with Mr. Taft regarding the preparation by him of a special article in the *Magazine* describing the American invasion of the Orient. The tribute to Mr. Taft and his personal letter to Lewis are reproduced from the issue named:

Governor Taft is a busy man. He is also a big broad-gauge man. No man in America knows more than he about our Philippine Island possessions. A lot of people in America would like to know something about them and the millions of American money being poured into them. Governor Taft agreed to tell the American people, through the columns of the

Woman's Magazine, what they want to know. He was so busy arranging for his present trip to the islands that he was obliged to have the labor of preparing the article done by Hon. Mr. LeRoy, who was his associate in the Philippines. The governor has just revised the article. I give below his letter in regard to it. It will appear in an early issue:

WAR DEPARTMENT

WASHINGTON

"Mr. E. G. Lewis, The Lewis Publishing Company, St. Louis, Mo. My Dear Lewis: I return herewith the article of Mr. LeRoy, which I have run over very hastily, and which I think states the problem in a very fair and candid manner. I believe the article would prove of much interest to the public, and hope that you will publish it. As the work was done by Mr. LeRoy, he should have the credit of it, and of course, under the circumstances, I should not desire to sign the article. Mr. LeRoy has written a great deal, and on account of his familiarity with Philippine matters, an article from him would carry weight. Very sincerely yours,

"WM. H. TAFT."

In his testimony before the Ashbrook Committee, Lewis relates the circumstances of a personal call upon Mr. Taft, then secretary of war, early in 1908. Lewis stated that the call was informal, and that in the interview of a half hour no effort was made to exact from the secretary a pledge of official assistance in a matter wholly outside of his Department. "I hoped," said Lewis, "provided I could show him we were not being treated rightly, that he would lay the matter before Mr. Cortelyou. I was convinced Mr. Cortelyou was being guided entirely by information obtained from newspapers in St. Louis, and from our enemies."

Later, on February 8, 1908, Lewis, in response to Secretary Taft's request that a specific incident of alleged discrimination be pointed out, wrote at some length, outlining the impounding by Postmaster Wyman of upwards of three hundred thousand copies of the Woman's Farm Journal. This action of the postmaster, as the reader will remember, was based upon the pretended right to limit, arbitrarily, the number of sample copies to some number less than one hundred per cent of the subscribers' list. After citing the report of the Fettis Commission, in which it was found that the company at no time had even reached the full quota of sample copy mailings to which it was entitled under the departmental ruling then existing, Lewis says: "We believe the foregoing will impress you as a most absurd situation for the Department, and that ultimately its lawlessness and unwarranted discrimination must be exposed." On March 7, Dunn, who had kept closely in touch with the situation, reported as follows:

Secretary Taft says he can do nothing, because every time he mentions the Lewis matter, he meets the opposition of Cortelyou and Loeb, both of whom are dead against you. They tell him he had not seen the record, and cannot know the awful things you have done. Then the President sides with Cortelyou, making it impossible for Taft to do anything. Taft referred to the manner in which men spoke of you in St. Louis, and said that your neighbors evidently believed in you. I added that men like Walter B. Stevens, whom he knew, could not understand why Cortelyou and the President could continue to inflict an injustice upon Lewis and his people. Taft said that, if he was in a position to do so, he would go to the bottom of the

whole matter and see that justice was done. I took that to mean that he will make that one of his jobs about one year from now. As regards Roosevelt, I think that the appearance of Madden's book containing official statements of the postoffice transaction, will cause him to sit up and take notice. He may throw down the whole bunch that has been behind the movement against you. Few men can make a quicker turn than T. R., when the time comes for action.

JUDGE FOSTER'S JOKER.

The final defeat of legislation looking to judicial review of the fraud order lies at the door of Judge Foster, according to news dispatches of the Woman's National Daily of May 25, which say:

No bill providing for a judicial review of fraud orders will be passed at this session of Congress. Nothing short of a miracle could now secure enactment of such legislation. The House Judiciary Committee has now held its last meeting of the session. Foster, of Indiana, chairman of the sub-committee which had under consideration his own bill and that introduced by Judge Crumpacker, asked for unanimous consent to call up a bill agreed upon by the sub-committee. Objection was made and the "jig is up."

The history of this legislation places the Administration clearly in the light of defending its own autocracy. It fought the Crumpacker bill throughout. Roosevelt even announced his intention to veto it, if necessary. The real attitude of the Department was hostile to any review whatever of the postmaster-general's discretionary power. It was, however, willing to yield to the popular agitation sufficiently to intrust to the discretion of the Federal courts the power to review the postmaster-general's exercise of his discretion. The Department well knew the tendency of the Federal courts to sustain the Administration. Judge Foster became the champion of this legislative joker. It got no farther than the sub-committee of three, of which he was chairman. Its only effect was to forestall a second favorable report on the Crumpacker bill until too late to take up that measure before Congress should adjourn. Before the next session of Congress the popular interest in the subject had largely subsided. Three years had then elapsed since the fraud order against the People's Bank was promulgated. Lewis had been tried and acquitted. Little ground remained for further popular agitation, and the issue of the judicial review of fraud orders was deferred.

ROOSEVELT PERPLEXED ABOUT LEWIS.

The effect of Lewis' acquittal was also felt in the highest administrative quarters. Dunn reports on May 20 that, for the first time in a year, it was possible for him to go direct to the President and talk to him about the Lewis case. "Beyond question," says Dunn, "the decision of the court has been a splendid thing. I begin to see daylight ahead." Following his conversation with Roosevelt, Dunn interviewed both Cortelyou and Meyer. He subsequently reported two separate interviews on the subject with the President. As to Cortelyou, he says:

Cortelyou says he will not raise the slightest objection to reopening the fraud order case, or otherwise clearing up the matter. He said Lewis had a great idea, and that if he wished to reopen his bank he should have everything ready and complete, with all the directors named and elected, before

he opens his doors and begins to take in money. Cortelyou did not mention Madden's book, which, however, came up yesterday in my conversation at the White House.

As to Meyer, Dunn says:

After I announced a desire to see Meyer, there was an immediate call for Goodwin. He was closeted with Meyer half an hour before I was admitted. I think Goodwin is making his final stand. Your vindication by the executive departments will put Goodwin in very bad, and, in my judgment, he is fighting as hard as he can. Hence my interview with Meyer was less satisfactory than with either the President or Cortelyou. Meyer referred to your pending suits against Goodwin. He also referred to the indictments in the conspiracy case, and claimed that a case almost identical had been decided in Maine in favor of the Government. I am inclined to think that your affairs will be considered in the Cabinet tomorrow, or at least by Roosevelt, Cortelyou and Meyer.

Regarding his second interview with Roosevelt, Dunn says:

Meyer had submitted a memorandum, prepared by Goodwin, who claims that there are two other cases against you upon which the Government has good grounds. Goodwin recommends, and evidently Meyer agrees, that these indictments ought to be prosecuted. This looks to me like Goodwin's last stand. It seems to be the main obstacle in the way of a settlement. The President told me the postmaster-general would carefully consider your application for the removal of the fraud order against the bank. Cortelyou has told the President he would have no objection to such action. But Goodwin will endeavor to pick flaws and in some way make the postmaster-general and the President hostile.

The President told me he has now no objection to reopening the case. He says he is perplexed because Meyer and Cortelyou tell him you are a bad man, while I and other men in whom he has confidence, tell him you are a good man. He seems disposed to do right as near as he can, but as long as Meyer relies on Goodwin, you will get the worst possible deal. Instead of trying to do justice, Goodwin is determined to fight as long as he can. It must be that your success will put him down and out. I have learned that a certain St. Louis banker told people in Washington that you and all your enterprises were nothing but a shell, and were likely to go to pieces. The men with whom Secretary Garfield was associated in St. Louis also gave you a black eye. You have enemies at home, who are doing their utmost to injure you.

Finally, on June 6, Dunn reported a last talk with the President, as follows:

Roosevelt declared there would be no more persecution of Lewis. I told him you had fought your way out under a heavy handicap, with the whole weight of the Postoffice Department upon your back. I said you could stand it to fight on, without asking favors. I told him all you wanted was that the persecution of the Department should cease. He said he would not allow persecution of any kind.

CHAPTER XXVIII.

THE DOUBLE VINDICATION.

PROSECUTION, OR PERSECUTION?—THE FIRST INDICTMENT—SEVEN MORE TRUE BILLS—THE THEFT OF MADDEN'S TRUNK—THE DEFENDANT ON THE STAND—THE CASE FOR THE DEFENSE—THE MISTRIAL AND ITS EFFECTS—THE SECOND TRIAL OPENS—THE ACQUITTAL—JUDGE RINER'S OPINION.

The Hon. Francis Cushman, member of Congress, now deceased, was once the victim of an unjust indictment by a grand jury. He never was brought to trial. The case was dismissed. Cushman demanded his day in court. In insisting upon this legal right, he said: "After I have been causelessly arrested and detained for twenty-three days, I am now dismissed with a blot upon my name and a stain upon my reputation. I can now go and rebuild what others have torn down. I can now commence to repair what has cost me the labor of my lifetime to build up, and what has been wantonly destroyed in a single hour." The Hon. Frank O. Lowden, member of Congress, speaking on the subject of grand jury indictments April 2, 1910, said, among other things: "An indictment of an honest man, even though he be acquitted, is a more cruel punishment than the indictment and conviction of the perpetrator of the crime. Every indictment and every prosecution which turns out to be unwarranted weakens immeasurably the authority of the courts, and thus strikes at the fundamental security of our liberties."

The Federal grand jury for the United States District Court of the Eastern Division of the Eastern Judicial District of Missouri (to quote the mouthful of terms needful to define the matter with legal exactitude) has presented no fewer than twelve "true bills" against Edward Gardner Lewis. One of these was quashed. Two were set aside by the court on demurrers interposed by Lewis' counsel. Seven were dismissed by the United States district attorney, on his own motion. But two have been brought to trial. The first case against Lewis to come to an issue before a jury of his peers resulted, as the sequel will show, in his acquittal. The second, after a mistrial, is now (April, 1912) still pending. No jury of twelve good men and true has ever pronounced in his ears the hateful and shameful verdict of "guilty." Yet Lewis has, in effect, been denied the benefit of that trite but pregnant maxim of the common law which presumes a man innocent of all wrongdoing until confronted by his accusers in open court, afforded a fair trial, with the aid of counsel and witnesses for his defense, and declared guilty.

One or more indictments were kept hanging over Lewis' head for nearly four years, from December 1, 1905, to October 23, 1909. Then came an interval from October 23, 1909, to July 12, 1911, before another "true bill" was drawn. Since the last date Lewis has been, and still is, under indictment. If the maxim that a man is presumed to be innocent until proved guilty applies to Lewis, why have the officials of the Postoffice Department during both the above periods pointed to these indictments in attempted vindication of their own conduct? Were they brought in good faith? Were they based upon probable grounds? Do they charge the violation of any law? Or were they, or any of them, brought in bad faith? Were they, or any of them, unwarranted subterfuges? Do they falsely charge the defendant with a violation of law in committing an act which is nowhere, by statute, made a legal offense? In a word, do these twelve indictments bespeak prosecution or persecution? Such is the inquiry with which we are concerned in the present chapter.

PROSECUTION, OR PERSECUTION?

The determination to punish Lewis by criminal proceedings on a charge of attempt to defraud in the promotion of the bank, seems at first to have been confined to the postoffice inspectors at St. Louis. By one of those curious coincidences that provoke curiosity at every stage of the Siege, a news dispatch was wired from St. Louis March 15, 1905, the day following the inspectors' first visit to University City, stating that the Federal probe was about to be inserted into a "get-rich-quick" concern, and that grand jury proceedings would follow. Nor did the inspectors thereafter at any stage of their investigation lose sight of this purpose. The memoranda taken from Lewis' subscription books and from the books of the bank were plainly designed to enable the inspectors to refresh their memories as witnesses in the event of criminal prosecution. No effort was made to reduce to the form of affidavits any of his statements, except such as were construed by the inspectors as admissions of guilt. These affidavits were obtained, as Lewis supposed, in the routine of postoffice business. They afterwards were admitted in evidence against him when he was placed on trial for his liberty.

The St. Louis Post-Dispatch, in its great extra and throughout the campaign that followed, averred that criminal charges against Lewis were under consideration by the United States attorney. The same newspaper, from time to time, circulated rumors that the Federal grand jury would be asked to inquire into the affairs of the bank. A number of interviews were published with the then United States attorney, David P. Dyer. The purport of these statements was to suggest that a criminal investigation was pending and that indictments would eventually be returned. The Washington correspondent of the St. Louis Republic, having no motive other than to ascertain the truth, inquired at the office of the attorney-general in Washington if criminal proceedings against Lewis were likely

to follow the issuance of the fraud order. Assistant Attorney-General Hoyt, as spokesman for the Department of Justice, replied that such action was most unlikely. He said such use of the mails as might constitute grounds for the promulgation of a fraud order would not necessarily imply the violation of a Federal statute. It was usual in such cases, he remarked, to allow the matter to drop after the fraud order was issued.

THE FIRST INDICTMENTS.

The agitation stirred up by Lewis in the summer of 1905 for a congressional investigation of the fraud order, evidently inspired hope in the minds of the inspectors at St. Louis that renewed activity by them would meet the approval of their superiors at Washington. The charges of misconduct in the mailings of the *Woman's Magazine* and *Farm Journal*, made by Parshall in August, were eagerly seized upon by Fulton and his associates. The reader will recall that they were made the subject of a second investigation in October and that this led to the first indictments against Lewis. These were brought in, opportunely (or by a coincidence, which turned out most happily for the postmaster-general) on December 1, just as Congress was about to convene. Two indictments were drawn. One charged Lewis and his associates, Cabot and Miller, with conspiracy to defraud the Government by excessive mailings of the *Woman's Magazine* and *Farm Journal*. The other charged Lewis with having used the mails, in the promotion of the *People's Bank*, in aid of a scheme to defraud. Both bills were procured by the United States attorney at the instance of the inspectors at St. Louis. Both bore the signature of David P. Dyer.

Dyer, Wyman and Fulton, respectively United States attorney, postmaster and inspector-in-charge at St. Louis, were the St. Louis Triumvirate, whose activities are so familiar to the reader. Fulton sought vainly, throughout his testimony before the Ashbrook Committee, to shield himself behind the skirts of his two fellow-officials. He laid great stress upon the assertion that no step was taken except after full conference among the three. Yet Beck, the detective, reports that Wyman admitted being in effect the tool of Fulton. This is corroborated by the word of Wyman's brother, late surgeon-general of the United States, and by common rumor in St. Louis. Then, oddly enough, after seven years, the *St. Louis Republic* of April 18, 1912 (the very day that these words are being written) contains the admission of Dyer that his official act in procuring and signing indictments against Lewis and his associates was solely upon Fulton's advice and recommendation. That the significance of this admission may be fully grasped, Dyer's statement is here quoted. It is headed: "Dyer's Deposition a Point for Lewis: Federal Judge Admits Ordering *Farm Journal* Seized, Without Knowing Facts: Postal Inspectors Asked It: Witness Says He Relied on Government Agents to Supply Necessary Evidence." The *Republic* says:

Judge David P. Dyer, of the United States District Court in St. Louis, yesterday, in depositions being taken in the congressional investigation of charges made by E. G. Lewis, that the Postoffice Department exceeded its power in bringing charges against the Lewis companies, said he had never known Lewis and had no facts of his own personal knowledge of the affairs of the company. Edwin C. Madden, attorney for Lewis at the taking of depositions, said the admission of Judge Dyer would be one of the strongest points in Lewis' case. "It shows conclusively," he said, "that the case was made wholly by the postoffice inspectors." Judge Dyer also said he did not have knowledge of the Postoffice Department rule or regulation on which over three hundred thousand copies of the Woman's Farm Journal were seized in the St. Louis postoffice by his order. He said the inspectors had represented to him that they constituted evidence and that the case would not be complete without them.

United States Attorney Houts, for the Government, in referring to the charges brought by counsel for Lewis that postoffice officials and others had conspired for Lewis' ruin, said: "I hesitate to refer to the charges, but that the records may be complete, I will ask you if you know of any such conspiracy. Do you, or did you, think that the postoffice inspectors had any ulterior motive in the prosecution?" "If I had thought so, they would have gone out of my office in quick order," Judge Dyer replied. "I do not pretend to be conversant with all of the postal orders, and if you will excuse me for saying so, some of them would drive a man to drink. They are too wide and deep for me."

Let us contrast this admission with the testimony of Fulton before the Ashbrook Committee. Fulton says:

A conference was held between Mr. Wyman, postmaster at St. Louis, the inspector-in-charge, myself, and the United States attorney, Col. D. P. Dyer. This was after Lewis' September mailings and before his October mailings. It was about the middle of September, 1905. It was decided among us that what we deemed the extra copies of the October mailings of the Woman's Farm Journal should be held up and detained at the St. Louis postoffice. Our findings were that about three hundred thousand copies were illegally mailed. We decided to seize and detain these as evidence to be used later on the indictment against Mr. Lewis. I do not know who gave the order. I presume the postmaster did. It was decided by all three. I take my share of the responsibility. I thought there was evidence of fraud, and recommended the seizure. The October issue of the Woman's Farm Journal began to come in on October 5, and kept coming in carloads up until October 10. The bags were opened and all copies with the kind of wrapper that showed they were illegitimate, according to our information, were held and stored down in the cellar. In all, there were sixty-five thousand pounds of mail thus seized and stored. They are still in the St. Louis postoffice. By an oversight, the cashier was not informed, and the postal charges of seven hundred dollars were deducted as usual. Mr. Lewis was not informed for some time that the copies had been seized. We wished to have definite proof that the mailing was really fraudulent. For this, further investigation was necessary. So Mr. Lewis did not know that the papers were held back, to the extent of three hundred thousand copies, for nearly a month. The result was that Mr. Lewis and other officers of his company were indicted upon the information secured by the inspectors for a conspiracy to defraud the Government. The indictments were never brought to trial. If I had known that such would be the case, I would not have deemed it proper to detain these copies. They were detained as evidence, but were never made use of for that purpose. The effect was that Mr. Lewis was wronged, though I thought then, and still think, that he was guilty of fraudulent mailing and that he ought to have been brought to trial on those charges.

The United States attorney drew the indictments. I assisted him whenever he called on me to do so. I was active in carrying out my official

duties, but I challenge it as unfair to make it appear that I was harassing a citizen while only ostensibly performing my duty. The relation between myself and Postmaster Wyman, when I was in charge, was one of hearty co-operation. I did not assume any dictatorial attitude toward him, nor direct any official actions. He sought my advice, and I his. It was mutual. Any statement from which it might be deduced that I was acting individually, cannot be so taken. Such deductions are erroneous. We were all acting collectively. The indictments were the combined actions of the investigators. The others were responsible equally with myself. The papers were detained as the result of consultation between Mr. Dyer, myself and Postmaster Wyman. There is a damage suit in St. Louis county against Mr. Wyman, for alleged unlawful detention, and any information which Mr. Lewis might get from me will be used.

MR. MCCOY: You had better answer the questions. Let Mr. Wyman take care of himself.

MR. FULTON: Yes, sir, I understand, and I am able to take care of myself.

MR. MCCOY: You haven't so far.

MR. FULTON: That is a matter of opinion.

FULTON RESPONSIBLE.

Fulton plays the part of Cæsar, Wyman that of Lepidus, and Dyer that of Anthony, in this modern version of the old Roman story. For all the evidence indicates that Fulton was the brains of the Triumvirate, and that he alone enjoyed the complete confidence of the powers at Washington. The effect of Dyer's admission, notwithstanding Fulton's self-serving declaration, is to corroborate the view that the responsibility for the first indictments centres upon Fulton. Madden, before the Ashbrook Committee, commented on this official act as follows:

The indictment for conspiracy to defraud the Government out of postage misrepresented the law. It was without probable cause. It was fraudulent. It was a monstrous wrong, inflicted upon innocent persons who were exercising their lawful privilege in the use of the mails, just as hundreds of thousands of other persons were then and are now doing every day in the year. It was as groundless as it would be indict the same persons for walking in the sunlight or breathing the open air. There was an office ruling of the third assistant, to the effect that any publication of which more sample copies were regularly mailed than subscribers' copies, would not be admitted to the second class. In such cases, it was held to be primarily designed for free circulation, and so prohibited by law. That rule served on the question of admission, but something must be done with those who violated the limit after their admission. It was the practice of the Department to give the publisher a hearing and afford him an opportunity to reduce his circulation to the limit of one hundred per cent of sample copies. He was warned that excess mailings of sample copies would cause his publication to be ruled out. But he was first given an opportunity to comply. The statute does not contain any such provision. The Department has a remedy if the publisher violates the rule, namely, to exclude him from the second class. But the publisher was first given full opportunity to amend his practice and come within the rule. Now, it was this office ruling of the third assistant, this administrative device, misconstrued and misapplied, that was written into these indictments as "the form of the statute in such case made and provided."

The reader will remember that when the inspectors came to prepare this case for trial they themselves discovered that the "law was silent on that direct proposition." To furnish "what the attorneys will need as evidence" Madden was required by Cortelyou

to make a certain ruling, which was doctored by Goodwin, at Cortelyou's express command, before it was forwarded to the postmaster at St. Louis. The inspectors, in other words, discovered shortly after this indictment had been drawn that there had been no violation of law, and at most only an infraction of a postoffice regulation. The lawful penalty was not a criminal prosecution, but a citation to show cause why the second-class privilege of the publication should not be withdrawn. What did they then do? Did they acknowledge that a great mistake had been made? Did they give an interview to the press in an effort to offset the injury done to those who had been indicted? Did they cause the indictments to be quashed? Did they seek in any way to make atonement or reparation? No. They asked the Department for a special ruling that could be introduced by the postmaster to supply the evidence the United States attorney would need. Then the inspectors once more presented themselves before the United States attorney and the grand jury, on May 4, 1906, and caused a new indictment, alleging the same offense, to be returned. Was this case then brought to trial forthwith, so that the uncertainty as to the rights of both parties in the premises might be dispelled? No. Every technicality of the law's delay was invoked to postpone the issue. The defendants never were able to bring this indictment into court. They were compelled, in the end, to ask that it be set aside. The defendants' demurrer to this effect was filed on May 13, 1907, eighteen months after the first indictment, and twelve months after the second was brought in. It was promptly sustained by the court. The indictment was dismissed. The court, however, avoided the main issue. An opinion in this case was filed on May 17, 1905. It said:

It will be noticed that there is no limitation in the act of March 3, 1885, as to the number of copies of publications which may be sent through the mails at second-class rates. Neither does the act limit copies to subscribers solely, but grants the privilege to all publications of the second class, including sample copies. Whether there is any authority of law authorizing the postmaster-general to limit the number of copies of a publication which may be sent through the mails at this low rate to bona fide subscribers, or whether he is authorized to determine the number of sample copies which may thus be mailed, has been ably argued by counsel, but the view taken by the court makes it unnecessary to determine that question, as the demurrer to the indictments must be sustained upon other grounds.

The court proceeds to say that in all criminal cases the crime for which a defendant stands charged must be clearly defined by the indictment. "The present indictment was," it said, "fatally defective in that respect, as it failed to set forth the acts of which the crime was alleged to be made up with reasonable particularity of time, place and circumstance. Whether these defendants have conspired to send a greater number of copies than permitted by law, for the purpose of defrauding the Government, cannot be determined from any of the facts set forth in the indictment. The demurrer must be sustained."

The charge that the bank was a scheme to defraud was now the only indictment hanging over Lewis' head. But, six months later, July 7, 1907, a fresh batch of seven indictments was handed down by the Federal grand jury. Two of these charged Lewis and Francis V. Putnam with using the mails with intent to defraud, in the exchange of the securities of the bank for the preferred stock of the Lewis Publishing Company. A third revived the charge of conspiracy to defraud the Government of postage. This ran against Lewis, Cabot and Miller. The remaining four charged Lewis with scheming to defraud in the promotion of the People's Bank. The circumstances under which these indictments were brought in were thus described in the St. Louis Star of July 6, 1907:

The Federal grand jury sworn in last Wednesday made a record Saturday for expeditious work, which it is believed has never been excelled. After being sworn, the jury took a recess until 9:30 a. m. Saturday. At 12:45 p. m. it reported to Judge Dyer, turning in nine true bills of indictment, and was discharged.

SEVEN MORE "TRUE BILLS."

Seven of the indictments thus deliberated upon and affirmed, *in three hours' time*, were those against Lewis and his associates. The same issue of the St. Louis Star chronicles the filing of four suits in the State circuit court at Clayton, on the same day that these indictments were brought in, by the Lewis Publishing Company against Wyman and Fulton for damages aggregating one million dollars. The Star remarks:

Papers were served on Postmaster Wyman Friday night by a deputy sheriff, while he sat with his daughter and a friend at the Suburban Theatre during the performance of *The Lady of Lyons*. Part of the Suburban Theatre is in the city and part just outside the county line. Postmaster Wyman's feet were just over the city line when the deputy sheriff grasped the opportunity to notify him of the damage suits.

As we know, the "friend" who accompanied the postmaster on this occasion was the detective, Beck. The opportune appearance of the deputy sheriff was due to the telephone message from Beck to Lewis, followed by a wild automobile ride by Lewis to Clayton and thence, accompanied by the deputy sheriff, to the Suburban Theatre. The detective in his report on this date, above quoted, states that Wyman mentioned to him in confidence the fact that these seven indictments had been drawn. This circumstance strongly corroborates the reports of Beck. It thus lends color of probability to those parts of his reports touching the alleged threats of the St. Louis Triumvirate to put Lewis out of business, by fair means or foul.

None of these indictments was ever brought to trial. All were dismissed more than two years afterwards on motion of the United States attorney, and the defendants discharged. Meantime, the original indictment of December 1, 1905, charging that the bank was a fraudulent scheme, was twice brought to trial. At the second trial Lewis was acquitted under circumstances which we are next to consider.

What were the motives of the inspectors at St. Louis and their superiors at Washington in causing all these indictments to be secured? Why was not the defendant accorded his day in court? Did the pendency of these indictments in fact serve any other official purpose than to promote the ends of justice? The reader will recall the agitation in Congress for an inquiry into the matter of the fraud order against the People's Bank. The Crumpacker resolution, requesting the postmaster-general to submit all the documents in the case to Congress, was passed by the House of Representatives. The pending indictments proved an effective bar. Cortelyou rejoined that the papers were in the possession of the district attorney at St. Louis, who needed them. He pleaded that they must be kept confidential, on grounds of public policy.

Meantime, the postmaster-general himself, and his associates, notably Assistant Attorney-General Goodwin, were responding to the countless inquiries of congressmen and others all over America. Their answers took the shape of form-letters. Each drew particular attention to the fact that Lewis was under indictment.* Later, the postmaster-general's memorandum to the press, under date of March 4, 1907, touching the withdrawal of the second-class entry from Lewis' publications, cited the pending indictments as presumptive evidence that Lewis was a criminal. The official letters of the Department and the postmaster-general's memorandum were widely quoted by the press. The fact that an indictment had been lodged against Lewis, thus noised abroad, did incalculable injury both to his business and his personal reputation. The indictments, in short, served to discredit Lewis and to thus forestall his efforts to secure a congressional investigation, by which he hoped to undo the work of the Triumvirate.

THE FIRST TRIAL OPENS.

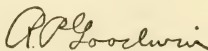
The summer of 1907, while Lewis' publications were excluded from the mails, notable for its plots and counterplots, had passed before the efforts of his counsel to bring any of these indictments before a jury bore fruit. The Government still refused to go into court with its charges of conspiracy in the mailing of the two periodicals. The bank case, however, was docketed at the August, 1907, term. It was not reached on the August docket, but was

*The following fac-simile is taken from a printed letter sent out from the Post-office Department of Washington in response to inquiries touching the People's Bank. Observe that the line relating to the indictment of Lewis was specially inserted in each letter by typewriter:

all inquiries in regard to stock held and moneys deposited should be addressed. Such inquiries may be directed to "Frederick Essen, Esq., Receiver, People's United States Bank, St. Louis, Mo."

E. C. Lewis has recently been indicted for operating a scheme to defraud.

Very respectfully,



Assistant Attorney General
for the Post Office Department.

set over to the November term, when it was eventually brought to trial.

The reader will recall that Lewis' interview with Cortelyou took place in August, 1907, at the Manhattan Hotel; that the October issue of the Woman's Magazine was printed and destroyed, and that the application for re-entry was for months under investigation by the postmaster at St. Louis. Such was the condition when, on October 30, 1907, the St. Louis papers noted the fact that Lewis' trial on a criminal charge was set for the following Tuesday morning. Lewis' line-a-day book contains a notation on November 4, as follows: "General Madden arrives. Preliminary bout on indictments." The presence of Madden was due in part to the belief that it might be necessary to call him as witness for the defense, and in part to his desire to attend the trial for the purpose of making it the subject of a chapter in his forthcoming book. The Post-Dispatch, on this date, remarks that Judge Carland of South Dakota will preside at the trial, since Judge Dyer is disqualified by his previous connection with the case as United States district attorney. The trial was formally opened on November 5. The St. Louis Times of that date remarks:

E. G. Lewis, head of the Lewis Publishing Company and Mayor of University City, with his boyish face in marked contrast to those of judge and counsel, appeared in the United States district court Tuesday morning. Through his attorneys he then opened the fight against indictments, which charge the use of the mails to defraud in connection with the defunct People's United States Bank. The jury was dismissed and the question was argued whether the trial should proceed on the first indictment, returned December 1, 1905, or the four bills afterwards brought on July 6, 1907. Judge Carland ruled that the first indictment must be dismissed, if not tried during the present term of court. It was then announced that the Government would go to trial first on the four later indictments.

The chamber in which this trial was conducted is notable as the scene of two subsequent legal battles for Lewis' liberty. These were the second trial in the bank case in May next following, and the now recent trial in March and April, 1912, on a subsequent indictment, again charging use of the mails with intent to defraud. These three battles mark as many separate great crises in the Siege of University City. For the members of the American Woman's League especially, this chamber is an historic spot. At the counsel table for the defense at this very trial, in November, 1907, the League itself was conceived and born. The room of the United States district court occupies the southeast corner upon the third floor of the Federal building at St. Louis, the ground floor of which is occupied by the St. Louis postoffice. The chamber is spacious and lofty. Upon the west end, the judge's rostrum rises at an elevation breast high of counsel as they stand before the bar of the court. The ancient bench, symbolic of the judiciary, is represented by an enormous arm chair, impressing the beholder with somewhat of the awe and dignity of a throne. This seat of power is flanked upon the right and left by two similar arm chairs for the convenience of one or more associate judges, sitting jointly.

To the judge's right, upon the rostrum, almost at his elbow, is the witness stand, a roomy enclosure containing an arm chair, and reached by three or four steps. Behind and below the witness, in the corner occupying the angle between the judge's rostrum and the jury box, is the table assigned to the press. The jury box itself, equipped with twelve comfortable swivel chairs, which turn freely in every direction, confronts the court and the witness at their right. It stands against the south wall of the chamber. Directly in front of the jury and parallel to the jury box is the counsel table for the defense. Immediately below and near the bench is the counsel table for the prosecution. Here sits the United States district attorney, the prosecuting officer, with his assistants. Here, during each of Lewis' trials, have assembled the postoffice inspectors and other Federal officials and special counsel employed in collecting and presenting the evidence against him. Doubtless, this grouping may be accidental rather than intended, but the close observer cannot repress the sense that it is significant. It seems suggestive of a community of sentiment in criminal prosecutions between the court and the prosecuting attorney, and other Federal officials, as against the jury and the citizen who stands upon his defense.

A hush of solemnity pervades the place. The deceased worthies who, in days gone by, occupied this tribunal, look down from a series of panels on the surrounding walls. A medley of street noises from without beats upon the observer's ears with a muffled roar. So poor are the acoustic properties of the room that all present lean forward in an attitude of strained expectancy, as if intent that no point of evidence, motion of counsel or ruling of the courts, shall escape. What takes place can ordinarily be heard no more than a few feet beyond the counsel tables and the jury box itself. The great expanse of floor space and the lofty, vaulted ceiling, combine with all the accessories of the bench and bar, to impress the beholder with a sense of the dignity of the Federal bench, and with awe of the sovereign power of the Nation which it represents and wields. The appointments of the stage, in brief, are well worthy of the tragedies in real life that are continuously being enacted upon it. Such is the scene that lives in Lewis' memory as his thoughts turn back to this morning of November 7, 1907, when the first witness for the Government was called by the prosecuting attorney, sworn by the deputy clerk of court, and took his place upon the stand.

Judge Carland of South Dakota (now a judge of the Federal Commerce Court at Washington) was on the bench. At the head of the Government counsel table sat former Judge Chester H. Krum, special counsel for the prosecution. Near him were seated Prosecuting Attorneys Blodgett, Daues and Young. Postoffice Inspectors Stice, Reid, Fulton, Sullivan and others also occupied seats at this table, coming and going from day to day. At the head of the counsel table for the defense sat Judge Shepard Barclay. Near him were his associates, Thomas T. Fauntleroy and Special Counsel

C. D. O'Brien of St. Paul. At the centre of this table and directly opposite the jury box, not ten feet distant, sat the defendant, Lewis.

The trial was opened by Judge Chester H. Krum, special prosecutor for the Government. For more than two hours Krum addressed the jury, stating what the Government expected to prove. At the close of his opening address he called the first witness for the Government. This was former Postoffice Inspector James L. Stice, then assistant postmaster at St. Louis. Stice told the story of the first visit of the inspectors to University City. With this the reader is familiar. He devoted most of his time to identifying bound volumes of the *Woman's Magazine* and *Woman's Farm Journal*, circulars and letters which Lewis mailed, all containing his announcements touching the bank and the prospectus, "Banking by Mail." He was then withdrawn by the Government, with the right to recall him at any time. The exhibits introduced by the Government were many. They consisted of Lewis' editorials, subscription blanks and other literature connected with the organization of the bank. According to the *St. Louis Times*, "the keynote of all these writings was co-operation." Lewis was said to have listened attentively to the reading of the exhibits, occasionally smiling as some particularly telling portion of his writings was emphasized. He consulted frequently with his counsel. Says the *Times*:

After an hour Mr. Blodgett called upon former Judge Krum to take a turn at the reading, with the remark that the work was hard on his throat. The only tilt between counsel was when Mr. O'Brien objected to what he termed the "sarcastic accompaniments" with which Mr. Krum read portions of Lewis' literature. "The only accompaniment to the reading is that which comes from counsel on the other side," retorted Krum. Yards of rosy Lewis promises were read to the jury. They spent the morning listening to the appealingly-styled editorials of Lewis' publications and his magnificently worded requests for their money.

The first of the spectacular features which made the Lewis case the most notable trial in the annals of the United States district court at St. Louis enlivened the headlines of the *St. Louis papers* on November 8. "Lewis Holds Jury When Lawyers Fail," says the *Republic*. "Lewis Reads 'Millions in It' Ads to His Jury," says the *Post-Dispatch*. And "Lewis Still Reads to the Jury," said the final edition of the *Times*. According to the next morning's *Republic*, Lewis temporarily assumed direction of his own case and read to the jury for more than two hours from his prospectus, "Banking by Mail." The *Republic* says:

This came about when the array of counsel on both sides had confessed to being fagged out from reading. The jury in Judge Carland's court showed plain signs of weariness. Then Mr. Lewis injected new life into the proceedings and soon had the attention of all. Counsel for the Government read many pages from Lewis' literature. They then offered the rest in evidence unread. Counsel for Lewis objected, maintaining that all should be read, or none. United States Attorney Blodgett retorted that he did not object, but that the task must be finished by someone else, as both Judge Krum and himself were physically exhausted. O'Brien then read until his throat gave way. The jury gave evidence of being wearied by the steady monotone. At this juncture, Mr. Lewis offered his services. There was

strong objection from the prosecution, and a brisk clash between Messrs. Blodgett and O'Brien. "We object to any such play as that," shouted Attorney Blodgett. "What did you say?" demanded Attorney O'Brien, glaring at the district attorney. "I made it as a statement," said Mr. Blodgett, with anger in his voice, "and I will stand by it." "The statement is false," shouted Mr. O'Brien. "The defendant may read if he wants to," said Judge Carland in calm consent. "The defendant has a right to conduct his entire defense himself, if he sees fit."

When Mr. Lewis started to read, jurors who had been drooping in their chairs, sat up. Before he had proceeded far they became thoroughly interested. When court adjourned after the defendant had spoken for more than two hours, each man on the panel seemed still absorbed by the thoughts conveyed by the publisher and author of the articles. For Mr. Lewis emphasized the telling points during his perusal and laid stress on the differences between his projects and those advanced by other banking institutions.

The Globe-Democrat of November 9 announced the arrival of Assistant Attorney-General Goodwin and his associate, Lawrence, at St. Louis, as evidence that Washington was greatly interested in the trial of the Government's case. Chief Inspector Vickery was also said to be on the way from Washington. Attention was also drawn to the arrival of two of Lewis' prominent witnesses from Kansas City, Arthur Stilwell, president of the Kansas City, Mexico & Orient Railway, and Edward Dickinson, vice-president.

THE CASE FOR THE PROSECUTION.

On Friday, November 9, the reading of exhibits was concluded and two of the principal witnesses for the Government took the stand. These were James P. Bucher, a farmer of Zora, Mo., whose name will appear prominently in the sequel of this story, and Isaac T. Beal, a map canvasser of Dresden, O. It was on transactions with these two men and with a third witness, Mrs. Mary Wade of Pontiac, Mich., that the Government based the three-count indictment on which the defendant was on trial. Fully twenty women witnesses for the Government were also present. Bucher said that as a result of reading Lewis' literature he had invested in the stock of the bank a total of \$500. He received 87 per cent of his money from the receiver of the bank a year or so afterwards. "This proposition of banking by mail looked good to you?" asked Attorney O'Brien for the defense. "Yes, the way Lewis explained it, it did," said Bucher. The testimony of Beal was to much the same effect. Both testified to having received 87 per cent of the amount they had invested.

The testimony of Mrs. Wade (the third witness mentioned in the indictment) was enlivened by an incident which greatly amused the gentlemen of the press. The witness told of having invested four dollars in the stock of the People's Bank. This she afterwards exchanged for Lewis' trustee note, with interest payable in three years. The note was in her possession and was exhibited. She had once allowed the postoffice inspectors to take the note, she said, but when asked by counsel for Lewis if he might take it for a moment, she turned to Judge Carland and said in an appealing voice: "Shall I give it up?" When assured by the Court that she would get her

note back, Mrs. Wade remarked, "Well, I guess it will be safe for a few minutes." A general laugh, in which even the magistrate indulged, was said to have been brought out later in her testimony. She was answering questions before counsel had time to object. Judge Krum asked that she talk more slowly. "Well, can't I talk a little?" asked the witness. "Yes, madam," said Krum. "That is a privilege of all women, which even the Government will never be able to prevent."

Mrs. Belle M. Ritchings of Berea, Ohio, was said by the Times to have made a hit with the lawyers. "From a spectacular point of view," says the reporter, "she was eminently fit, being young, handsome and well dressed. Her manner was such as to make the lawyers on both sides smile approvingly. So lucid and sure were her answers that one attorney asked if she was not a business woman. She blushed prettily and said that she was a stenographer before she married Mr. Ritchings, who is a civil engineer, and probably learned a little about business. She had invested five hundred dollars in the People's Bank. Her mother had put in one hundred and fifty dollars. Together they had invested thirty dollars for her child. Eighty-seven per cent had been returned to them by the receiver. The Post-Dispatch remarked that a three-year-old baby girl stockholder of the People's Bank, the daughter of Mrs. Ritchings, was one of the star witnesses at the trial. Mrs. Ritchings was asked by Judge Krum, special counsel for the Government, just before she left the witness stand, whether the baby was in court. "Yes, that is the \$30 child over there," she said, pointing to the place in the courtroom where the baby was cooing and playing about the chairs of a number of other witnesses. A laugh at the nickname she applied to her child spread over the courtroom.

Some fifteen or twenty other investors in the bank were called as witnesses. The majority of these were women. The sums invested ranged from one dollar upwards. Miss Hattie J. Harrison was summoned as a witness from her home at Burke Station, Va. She had bought one one-hundredth of a share of stock for one dollar and had exchanged it for a trustee note. She concluded later that she wanted her dollar, and twice wrote for it. Then she communicated with the postoffice authorities, with the result that she was brought to St. Louis to testify. Miss Harrison, according to the newspapers, displayed a humorous bent. She seemed to regard both her investment and her testimony as a joke. She enlivened the proceedings considerably by her manner upon the stand. The testimony of these various witnesses was substantially alike. They had invested in the stock of the bank upon their faith in Lewis' representations. After the bank was destroyed, they had taken advantage of one or another of their three options. They had been led by Lewis' promotion literature to believe that the bank was destined to be a great success, and had been disappointed.

A new phase of the Government's case was introduced on Wednesday when former Postoffice Inspector James L. Stice was recalled to the stand. According to the St. Louis Times, Stice was subjected to a grilling cross-examination, when he declared he "could not remember" whether or not an article concerning the People's Bank, which was published in the Post-Dispatch extra on May 31, 1905, contained portions of the inspectors' report. When this question was asked, Stice looked the article over carefully and after some time answered, "I don't remember." "When did you forget?" asked Mr. O'Brien. The witness was visibly embarrassed, but at last said the article referred to some matters discussed in the report. He "could not recall" whether or not it contained in exact words any part of the report. "Was not this paragraph in quotation marks a part of your report?" asked Mr. O'Brien. "I can't say whether it is exactly the same or not," Stice replied. "Is it not very similar?" the cross-examiner persisted. "Yes, it is very similar to a portion of the report," the witness said.

Stice then gave in great detail the substance of the evidence collected by the inspectors during their investigation, and embodied in their report. This was the evidence on which the fraud order was recommended. Affidavits procured from Lewis and Putnam by the inspectors were identified by the witness and admitted. Stice was permitted to refresh his memory from written memoranda taken from Lewis' books and those of the bank. A careful checking of all the evidence accumulated by the inspectors (as shown by the official records submitted by the Government at the congressional inquiry) shows that every material item of their testimony against Lewis was admitted and fully corroborated during this trial. As the whole of the inspectors' case is now familiar to the reader, Stice's testimony and that of other Federal officials need not detain us further. Sundry books of account and other technical records were also introduced. Testimony touching the propriety of issuing the fraud order was ruled out by the court. The Post-Dispatch extra and the letter of Swanger to Fulton relating to the reorganization of the directorate of the bank were both excluded. "No presumption will be indulged in," said Judge Carland, "that the Government is not acting in this case in good faith."

Bank-Examiner Samuel Nichols, who had assisted Bank-Examiner Cook in the examination of the People's Bank, in April, 1905, was called to the stand on Friday, November 15. According to the St. Louis Republic, Nichols gave a detailed statement of the bank's affairs. He testified that after weeks of examination he found the bank absolutely solvent, and had so reported to the secretary of state. He said every opportunity was afforded by Lewis and his employees to make the most rigid investigation, and that where error was found, it was explained. Suggestions made to Lewis touching the illegality of holding stocks and other matters were immediately complied with without objection. The evening papers of Friday, November 15, stated that Chief Bank-Examiner Cook had succeeded

Nichols upon the stand. He corroborated the former's testimony. Cook was followed by Russell P. Goodwin for the Postoffice Department at Washington. The testimony of Goodwin showed plainly that the witness' recollection was green as to points relied upon to secure conviction, but faulty touching the evidence submitted to Lewis and counsel for the bank at the hearing in their defense. Goodwin admitted that no stenographic report of the hearing had been taken. He relied solely upon memory. Although a large number of witnesses from distant parts were present whose testimony had not been given, the Government abruptly rested its case at 4:10 Friday afternoon. Counsel for the defense thereupon moved that the jury be instructed to return a verdict of not guilty, on the ground that the evidence was insufficient to convict. This motion was overruled.

THE THEFT OF MADDEN'S TRUNK.

Just here occurred still another coincidence so striking as to seem almost unbelievable, but capable of proof in any court of justice. On the very eve of the opening of the defense, a small steamer trunk containing the private papers of former Third Assistant Postmaster-General Madden was stolen from his room at the Jefferson Hotel. In this trunk were copies of many official documents thought by Madden to prove the existence of a conspiracy within the Postoffice Department to ruin Lewis, and especially letters believed by him to incriminate Cortelyou as a conspirator. The fact that Madden had in his possession copies of official documents touching the Lewis case was known to the inspectors and other officials of the Postoffice Department. The possibility of some advisory relation of Madden to Lewis had long been suspected by them. The presence of the former third assistant as an interested spectator during the trial confirmed these suspicions and indicated the probability that Madden would be called as one of the chief witnesses for the defense. The entire contents of Madden's trunk would have been worth no more than an equal quantity of waste paper to others than the officials concerned in the prosecution of Lewis, or to the authorities at Washington as a possible means of sustaining charges against Madden of malfeasance in office. What took place may be stated in substance in Madden's own words as related to the author. Like the many other coincidences to which attention has been directed, the reader must draw his own conclusions as to the significance of the following high-handed proceeding. Madden says:

I came over to the Jefferson Hotel, where I was staying at St. Louis, for lunch on Saturday, November 15, the day on which the Government rested its case against Mr. Lewis. After luncheon, I went up to my room for the purpose of obtaining a document from my trunk. After doing so I closed the trunk and locked it. I know definitely, therefore, that it was in its proper place at the time. I then took the elevator downstairs and started for the courtroom to attend the afternoon session. Before I had gone two hundred yards from the hotel it occurred to me that I might need another document. I therefore returned immediately to my room. The trunk was gone. I had not been absent ten minutes. Meantime, it had been stolen.

I rushed down to the clerk as quickly as possible and raised the alarm. The house detective and chief porter were summoned. I described the circumstances. I told them that the trunk must still be in the hotel, as there had not been time to remove it. I asked them by what means and from what part of the hotel it could be conveyed away. The chief porter told me to follow him. I did so. He led the way to a passage at the rear of the hotel, where there was a freight elevator leading down to the baggageroom, in which outgoing baggage was stored. Near the doorway I found my trunk. It had evidently been taken from my room to some other room in the hotel. Then a porter had been called to remove it in the usual manner. It was evidently about to be taken from the hotel.

I am aware now that I ought to have caused the trunk to be watched and the persons calling for it to be arrested, but at the moment my only thoughts were to examine the contents and see whether anything had been purloined. I therefore ordered the trunk to be returned to my own room, where I opened it and examined the contents. Nothing had been taken. There had not been time for that. I had evidently been watched and the thief, or thieves, had supposed that I would be occupied in the courtroom for several hours and that there would be plenty of time in which to make their "get-away." I have no means of knowing who they were, but I could make a guess which I think would not come far short of the truth.

The feature of the eleventh day of the trial was the opening address to the jury of Judge Shepard Barclay, senior counsel for the defense. Judge Barclay (whose title of courtesy is due to a term of service as Justice of the Supreme Court of the State of Missouri), was counsel for the bank during the entire period of its promotion and organization. His thorough familiarity with its affairs enabled him to present a masterly analysis of the indictment, and the evidence that the defense proposed to offer touching each of its several allegations. At the close of his opening address Judge Barclay expressed the wish that, at some time during the trial, the jury be taken out to University City in the custody of the deputy United States marshal and shown the Woman's Magazine Building, where the quarters of the People's Bank were located. This request was subsequently denied by this court.

THE DEFENDANT ON THE STAND.

The climax of the trial came on Monday, November 18, 1907. Lewis insisted that his attorneys permit him to be among the first witnesses in his own behalf. He took the stand on that day immediately upon the opening of court, to tell the story of the rise and fall of the People's Bank. His direct examination, conducted by Judge Barclay, was finished at 3:30 p. m. From that time until court adjourned at 5 p. m., says the St. Louis Times, he was subjected to severe cross-examination by Chester H. Krum, special Government counsel, without at any time losing his self-possession. The dramatic scenes that followed may still be viewed in the vivid word pictures of the newspaper men gathered at the press table at the angle between the judge's rostrum and the jury box just below the witness stand at His Honor's right and rear in the Federal court room. As Lewis brought forth his story, under the skillful guidance of counsel, one newspaper man after another would slip from his chair to telephone to his city editor the latest stage of the narrative.

An associate would instantly drop into the vacant place. Fresh forms, meantime, were being constantly made up in every evening newspaper office in St. Louis, and extra after extra was put upon the streets as the dramatic action in the court room reached each successive climax. A composite picture, assembled from the language of the various newspaper reporters present, would read somewhat like this:

Edward Gardner Lewis took the witness stand in his own behalf soon after the opening session Monday. Sitting erect in the witness chair, his elbow on the end of Judge Carland's desk, Lewis answered questions by his senior counsel, Judge Barclay. Judge Krum, of counsel for the prosecution, indicated the combative intent of the Government by constant interruptions of Lewis' testimony. It was the twelfth day of his trial in the United States District Court on the charge of using the mails with intent to defraud. The defendant was subjected to a continuous fire of objections from the Government's side. Counsel for the prosecution desired that the examination be confined to narrow limits. They demanded that no questions be asked except such as would admit of categorical answers. All such objections were overruled. The witness was permitted to answer at length, and practically in his own way. Judge Carland, over persistent objections by the Government counsel, allowed him a wide range for explaining his theories.

We may pause here to mention an unverified rumor, which, if true, may account in some degree for the attitude of Judge Carland in suffering Lewis to tell his story in his own way. It may also explain the failure of the court to rebuke the dramatic outburst of the witness, at a later stage of the trial, under circumstances which will presently appear. During his testimony before the Ashbrook Committee at Washington, Lewis said: "In the midst of the trial, according to information given me by Mr. Fauntleroy, one of our attorneys, based upon the statement of Judge Carland himself, Judge Goodwin, assistant attorney-general for the Postoffice Department, asked for an interview with Judge Carland in chambers. In that interview, Goodwin stated that it was a matter of vital importance to the Department that I be convicted." Later, during the sessions of the committee at St. Louis, Lewis said, in substance:

I wish to withdraw my previous testimony regarding the statement ascribed to one of my attorneys, Mr. Thomas T. Fauntleroy. Upon further investigation and reflection, I have become convinced that all the information obtainable was hearsay, and came in such a confidential way that I was not at liberty to make it public. I do not wish to give the committee to understand that the substance of the facts stated was incorrect, but merely that the information was obtained from a confidential source, and that I did not understand, when testifying, that I was committing a breach of confidence.

Goodwin, under the congressional probe, avers that, while he did encounter Judge Carland in Judge Adams' chambers, he was not guilty of the gross breach of propriety thus attributed to him. A resolution was passed by the committee to summon Judge Carland himself to testify to the purport of this conversation. Up to the present time this has not been done. This allegation, like that touching the alleged traffic in fraud orders by the Goodwin brothers must be summed up by the Scotch verdict "not proven." It is to

be hoped that Judge Carland will be accorded opportunity to dispel this dubiety. Did a responsible member of the Administration thus seek to influence a member of the judiciary? If so, the fact should be placed on record. If not, suspicion should be cleared from the name of Assistant Attorney-General Goodwin. If, however, the otherwise inexplicable leniency of Judge Carland toward the defendant throughout this trial, was actually due to resentment, at what was construed by him as an attempt to influence his judicial conduct, His Honor deserves to rank with that eminent English jurist, Sir Matthew Hale, who, on a similar occasion, responded to the emissary of the Throne of England, "Go tell your master that I shall decide this case according to the very truth and justice of it."

The press accounts continue: The witness outlined his plan for the formation of his postal bank to the minutest detail. He stated in full the theory of how he expected to create "the greatest banking institution in the world." The Government counsel made repeated attempts to prevent testimony upon such lines, but were rebuffed by the Court. The witness' testimony was clear and comprehensive. His manner direct and earnest. He often turned from the jury and looked directly at the Government attorneys as though quite as anxious to convince them of his innocence as the men who will pass upon the question of his intent. At times he spoke with dramatic intensity. Once there came a touch of bitterness in his tone as he said, "All my enterprises were struck down at once. I was isolated from the world. I could not even get a letter from my wife or mother, who were traveling abroad."

His voice is somewhat high-pitched, clear and ringing. It could be heard in all parts of the court room. When asked if it was his purpose to defraud any one when he organized the People's Bank, his response came prompt and clear. "No!" was his vigorous protest. "I intended to carry out all my representations fully. What is more, I would have done so, had I been given the chance."

LEWIS "TRIMS KRUM'S WHISKERS."

"With a smiling countenance," says the Post-Dispatch, "Lewis withstood the onslaught of the bitter examination at the hands of Krum, late Monday afternoon." Says the Republic:

Lewis submitted to two hours of the severest grilling. During the time when the most pointed questions were put to him he maintained an air of the utmost nonchalance. Each time he answered with an explanation, although his interrogator demanded a direct reply. This procedure seemed to anger Attorney Krum. The witness appeared to enjoy it. Lewis was not disturbed by the cross-examination at any time. He denied that he had intended to divert a cent to his own use, or that he had even done so. He was emphatic in his assertion that he would have succeeded in his plans had he been allowed to carry on his business undertakings, and "had the bank not been destroyed by the inspectors and state officers."

"The defendant," says the Globe-Democrat, "was 'as chipper as a lark' when he stepped from the stand at the adjournment of court, notwithstanding the terrific ordeal to which he had been subjected." Three times his attorneys were forced to demand protection for the witness. Once he said that the postoffice inspectors had made repeated attacks on his bank and upon every corporation in which he was interested. "That is absolutely false," interposed Krum. The defendant's attorneys again insisted on counsel refraining from

insulting remarks. During the cross-examination Judge Krum questioned the witness as to what he had done with funds sent him by subscribers. He replied that he had put them in the bank in his own name, because they were sent to him individually. "Is that the only explanation you can give for misappropriating these funds?" asked Judge Krum. This was ordered stricken out. Summing up the impressions of the first day's trial, the reporter for the Post-Dispatch remarked:

Lewis, on the witness stand Monday, was two different men morning and afternoon. During his direct examination by Judge Shepard Barclay his manner was somewhat listless and his voice low. When Judge Krum took him in hand on cross-examination his manner changed. He became careful and alert. His answers were given deliberately and with slow emphasis. He evidently realized his disadvantage under the merciless probing of the big lawyer whose questions were fired savagely and with contempt. Lewis, for a man who is engaged in so many large enterprises, is strangely youthful in appearance. At times he looks almost boyish. He seems more like an alert and ambitious clerk than the projector of magazines, the town-builder, and the man ambitious to be "the president of the largest bank in the world." His voice when replying to questions was oratorical and jerky. He has a sort of snap-shot but exact way of putting things. He seems to have carefully studied his subject and to know the answer to every question that can be put to him. This sureness was evident as he gave exact dates and amounts of money to the very cent. He often corrected counsel on matters of fact when they went astray. He is a fluent talker, but his replies are precise and categorical. He taps off each point with the middle finger of his right hand on the railing of the witness box to emphasize his meaning and make his points entirely clear.

When court opened on Tuesday, the thirteenth day of the trial, Lewis was once more upon the stand and Judge Krum was again plying him with a pitiless fire of cross-questions. The Republic says:

The defendant was fresh in appearance and smiling when he took the stand. Under a severe fire of questions he preserved for the most part the same calm demeanor which he exhibited Monday. But when the Government attorney took him over and over the same ground, in an apparent effort to trip him into a contradictory statement, he showed slight signs of irritation. He would then lean far forward, with arms extended and reply with emphasis. Immediately after recovering himself he would settle back in his chair and answer the next question with a smile.

Shortly before the noon adjournment came the dramatic climax of the trial. It still lives in the memory of every well-informed St. Louisan. Lewis, angered by an insinuation of his interrogator, flushed, rose from the witness chair, stepped down from the stand, and advancing upon his prosecutor, shook his finger in the face of Judge Krum. His slender figure quivered with wrath. His teeth gritted, and his fists clenched menacingly. "You are a deliberate liar," he cried in steely tones. "That is a lie that has been circulated by you and your crowd for the last two years. This is the first time I have had an opportunity to refute it before a jury of my countrymen. I want to nail right here this lie that I transferred my home to my wife after pledging it as security. I did transfer my home to my wife, but it was not until after I had paid this so-

called fifty thousand dollar loan to the bank, dollar for dollar, with interest. When that transfer took place every cent of the indebtedness had been paid." Judge Krum reddened to the very roots of his luxurious whiskers when Lewis denounced him as a liar, and appealed to the Court for protection, but he made no reply to the charge. Says the St. Louis Republic:

"You never have been able, and you are not now able, to produce in this court one stockholder or depositor in the People's United States Bank who ever made a complaint until this proceeding was brought on behalf of the Government." The effect of this statement made Tuesday by E. G. Lewis under cross-examination by Judge Chester H. Krum, was startling. The crowd in the court room cheered the defendant and clapped their hands so loudly that the sound of the gavel could not be heard for many minutes. A moment later the morning session in the court was adjourned. Lewis had stepped from the stand while speaking, and stood pointing his finger at Judge Krum, who is conducting the prosecution for the Government. His face was white, his finger shook and his voice was raised as he stooped forward toward his inquisitor. When he had finished the attorney started to speak, but his words were drowned by the cheers that followed.

Many times during the morning session Lewis and the lawyer clashed, and their statements often verged on the passing of the lie. Krum once objected to Lewis' use of the word "you" in making a statement concerning the Government's attitude toward him. "No one has a right to make any such statement with regard to me," said the attorney. "Oh," replied Lewis, "I mean the persons back of this thing. The persons whom you represent." "Well, then," the attorney asked, "whom do you conceive I represent?" "You know well enough whom I mean," retorted Lewis. "You know who is back of this prosecution, and it is not any depositor or any stockholder of the People's United States Bank."

Just before the incident noted, Lewis declared as he was stepping down from the witness stand, "You have had your star chamber sessions and your gagging processes for the last two years. This is the first time we have ever been able to get you before twelve men and a judge. Now we have you out in the open where we can look at you, and we will have this thing out." "I suppose," said Krum turning to Judge Carland, "this kind of procedure is satisfactory to your Honor." "You are conducting the examination," said Judge Carland, "and you told the witness a few minutes ago to go ahead."

The court room was crowded when Lewis was thus dramatically telling his story to the jury, and several times there were outbursts of applause. Once the spectators clapped their hands so vigorously that the bailiff rapped for order, but not once did Judge Carland rebuke the enthusiasm of Lewis' admirers. So effective were the thrusts of the witness, so keen his wit, and so quick and incisive his rejoinders, that the big lawyer, who has won the epithet of the bully of the St. Louis bar, was fairly driven from the field and forced again and again to invoke the protection of the Court against the witness. In each instance he was met by Judge Carland with the reply, "You have asked the question and he is answering it." The crowd in the court room cheered and clapped their hands, and the marshal had to act vigorously to restore a semblance of quiet. The gavel could not be heard. Veteran lawyers said there had not been anything like this seen in the Federal Building during a trial. Judge Carland sat silent. So profound was the impression made

upon the community by this unexpected and startling outburst that the *Globe-Democrat* commented editorially upon the occurrence in its issue of Wednesday, November 20, under the title, "A Man Raised Up." It said:

That Mr. E. G. Lewis is a wholly unconventional person seems to be clearly proved by his outburst on the witness stand in the Federal court Tuesday, while he was being grilled by a lawyer. Finding himself accused of defrauding the stockholders of his People's United States Bank by borrowing their money on his house as collateral and afterwards transferring the property to his wife, he shouted, "That is a deliberate lie and you know it." This was lese majeste. * * * The examination of Lewis along these lines appears to have been justified in the effort of the Government to prove fraudulent intent. None the less the people who have seen honest men traduced for their misfortune in having been called as witnesses, rejoice that a man has at last resented such treatment in the presence of the court. Guilty or not guilty, Lewis has struck a responsive chord in the popular breast.

Judge Krum suffered a serious illness shortly after the close of the Lewis trial. This necessitated the amputation of the luxurious side-whiskers so familiar to every member of the St. Louis bar. A local newspaper remarked facetiously when the judge was first seen upon the streets after recovering from his illness, that Lewis had trimmed Krum's whiskers for him. The great prosecutor has never forgotten nor forgiven, it is said, his utter rout at the hands of Lewis on that memorable occasion. Yet he has retained a wholesome respect for Lewis' wit, sagacity and acumen, for when Lewis' direct examination came to a close at his second trial, Judge Krum, who again acted as special prosecutor for the Government, remarked that he had no questions to ask. When United States Attorney Blodgett then rose to cross-examine the witness, Krum audibly remarked, "Sit down, you fool." With the exception of a perfunctory word or two, Lewis was excused from cross-examination. The tradition of Krum's defeat on this occasion still lingers in legal circles in St. Louis. As the sequel will show, United States District Attorney Houts, at Lewis' recent trial, likewise showed the white feather. At the close of the defendant's direct examination, he dumbfounded all present by remarking, "We have no questions that we wish to ask." The memory of Lewis' personal triumph over Krum, has given rise to a settled conviction upon the part of many St. Louisans that, on a thorough direct and cross-examination, Lewis would so clearly and convincingly explain to any jury the circumstances surrounding his various undertakings as to utterly dissipate the notion that he has ever entertained the conscious purpose to defraud.

After Judge Krum met his Waterloo at the hands of Lewis on Tuesday morning, the trial proceeded rapidly to its completion. No further effort will be made to trace the sequence of events. Space will admit only of a brief digest of the testimony of the principal witnesses. Lewis, as a witness in his own defense, testified fully to the state of facts regarding the bank and his other enterprises with which the reader is already familiar. The length of the cross-

examination by Judge Krum precludes the possibility of a full digest. Copies of the inspectors' reports, the affidavits of Lewis and Putnam, and other memoranda of the inspectors and all of the official correspondence and documents denied to Congress by the postmaster-general, were in the possession of the cross-examiner. Every controversial point was minutely searched by the great prosecutor. From an attitude of contemptuous indifference to what he characterized as the witness' self-serving declarations, Krum passed rapidly through various stages of annoyance and irritation, to white-hot anger. As Krum grew heated, Lewis became cool. The duel was thus fought out upon somewhat more even terms than is usual in such cases. A defendant witness is most often wholly at the mercy of a prosecuting cross-examiner. But a close study of the transcript of the evidence confirms the impressions of newspaper men that at no time was Lewis disconcerted.

KRUM INVOKES COURT'S PROTECTION.

A few excerpts from the official record will serve to illustrate the sparks of wit with which the solemn atmosphere of the court room was enlivened as steel crossed steel in verbal sword-play. Lewis, in his direct testimony, had referred to the attempt of the Governor* of Wyoming in World's Fair days, to get the prize of one hundred dollars offered to any one who could mention a postoffice in the United States where he did not have a subscriber to the Woman's Magazine. To break the force of this effective episode upon the minds of the jury, Judge Krum essayed to bring this incident into contempt. Came here the following passage at arms:

Of course, that man mentioned as governor, whatever his name, was out there?

You mean the Governor of Wyoming?

Yes, you got it right. Where was that?

That was a woman.

Where was she located?

In some little mining station in Wyoming.

Of course she understood this plan of yours?

I do not think she was a subscriber to the bank stock. She was just a subscriber to our little ten-cent magazine.

Of course the baby here in court understood it?

Who?

*The following letter from ex-Governor Chatterton of Wyoming, under date of March 22, 1912, in response to inquiry of counsel for Lewis on the occasion of his recent trial (1912) is of interest as corroborative of this incident. Mr. Chatterton says: "I remember the incident very well. The published account you enclosed is correct. There were quite a number of Wyoming people in the party, including the gentleman who succeeded me as Governor, B. B. Brooks of Casper, Wyo. T. T. Tynan, who was at that time superintendent of public instruction, from Sheridan, Wyo., asked some of the questions. The staff officers were: Colonel George Sliney, Thermopolis; C. L. Hinkel, Cheyenne; General F. A. Stitzer, Laramie; Colonel Patrick Sullivan, Casper, all of Wyoming.

"Mr. Lewis stated the offer of \$100, and after naming several small offices, each of which had one or more subscribers, either Mr. Tynan or myself, as a joke, named a cross-roads office. No one but the storekeeper and family lived there. When a subscriber was found there, we gave up trying to win the \$100. I have forgotten the name of the office and subscriber, but I think Mr. Tynan may recall them. My recollection is that it was in either Sheridan or Big Horn county. I was much interested in Mr. Lewis' achievements, and talked with Judge Riner about him just after his trial some two years ago. I trust that he will win out."

Didn't you recognize the baby as one of your subscribers?

You mean the child which one of the ladies brought here?

No, the offspring of one of the ladies?

Well, Judge, I remember that one was put forward as the youngest subscriber, but there was one younger than that. The oldest banker in the state of Texas subscribed for five hundred dollars for his unborn grandchild, beating the other one four months.

That one understood it perfectly?

Of course.

In course of cross-examination touching the certified check system the big prosecutor first had occasion to invoke the protection of the court. This first blood for the defense was drawn near the end of a lively cut-and-thrust over the propriety of the certified check system. In this the witness, being on his own ground, had enjoyed a decided advantage. The touch occurred thus:

This scheme of certified checks looked to you as a first-class proposition for your bank, did it?

Yes, it did after I had consulted a number of the leading bankers of America and found that it looked pretty good to them.

Didn't it occur to you that your bank couldn't be held on that check at all? That it was issued without authority?

Judge, you're foolish.

MR. KRUM: Your Honor, I respectfully represent to you—not to this party here—that no witness is at liberty to address me or any one else in that manner.

THE COURT: The witness will not make any reflection on counsel, or counsel on the witness.

THE WITNESS: That wasn't intended as a reflection. The People's United States Bank was responsible for that check to the full limit of its capital and assets, just the same as the certified checks that are being issued by every bank in St. Louis. Take any of them today, they are all doing it.

Did it ever enter into your calculations that upon no legal hypothesis could there be any responsibility on account of those checks?

Judge, you are the only one who ever discovered that.

That never was discovered by your two-dollar legal department?

No, nor by any of the other banks of America.

Just here came the dramatic climax of the trial when the witness, provoked beyond endurance by the bullying and contemptuous baiting of counsel, turned upon his interrogator, stepped down from the witness stand, and denounced his prosecutor in open court. This is the language of the official stenographic record:

Now you represented: "I, who might arrange the matter personally so as to take and pay for one million dollars of the stock myself and who could be its president, cannot lend myself a single dollar of the bank's funds." In the face of that representation I understand you that you went on and made loans to yourself in view of what you had become satisfied was a conspiracy against the concern?

Well, the real estate loan wasn't made on that basis. That was altogether a business transaction by which the bank would profit to the extent of fifty thousand dollars.

I am not talking about that loan. I am talking about the loans aggregating eight hundred and forty-four thousand dollars.

That is one-half of it.

I am talking about these two loans, one of four hundred thousand and one of four hundred and forty-four thousand dollars.

That is one of them.

You say that these loans were made because of this conspiracy?

No, I didn't. I said the last property loan was consummated as quickly as it was and in the way in which it was done because, for reasons satisfactory to me, I knew what you were up to.

What do you mean?

The bank would not have paid the stockholders two cents on the dollar if you had had your way. Twelve thousand dollars went at one time in the hands of one of your men. He came in through the coal hole and went out through the window. We caught him and got the money away from him, and then you jumped another in right on top of him.

Whom are you referring to?

Whom you represent.

Here Lewis stepped down from the stand and shook his finger in Krum's face.

This is the first time we have had this out in a court with twelve men and a judge. You have been having your star chamber proceedings for two years. Now you stand out in the daylight where we can get a look at you.

MR. KRUM: I presume this is satisfactory to you, Judge?

THE COURT: Well, you are conducting the examination. You told him to go on.

THE WITNESS: No stockholder or depositor has ever had a complaint against this bank. You cannot bring one here today who has ever made a complaint. Now, who is behind all this?

MR. KRUM: Let's get back to the proposition.

MR. LEWIS: We are getting to it now.

THE CASE FOR THE DEFENSE.

The testimony introduced by the defense, in addition to that of Lewis, was directed chiefly to establish three points. The witnesses accordingly were of three classes, bankers, publishers, and real estate men. The first point of the defense was to show the extent of Lewis' private fortune as the chief owner of the Lewis Publishing Company and the University Heights company. This bore upon his ability to subscribe and pay for a million dollars' worth of the stock of the bank. The second point was the value of the real property of the Lewis Publishing Company and the University Heights company, pledged as security for the loans of those concerns from the bank. The third point related to Lewis' good faith in the organization of the People's Bank, and touched upon the feasibility of his plans for the bank itself.

VALUE OF THE WOMAN'S MAGAZINE AND FARM JOURNAL.

Additional testimony to the same effect was introduced at Lewis' second trial. For the sake of perspicuity, the testimony presented at both trials will be briefly summarized at this point. The witnesses introduced to establish the value of the magazine property at the first trial were H. E. Lesan who, it will be remembered, had recently conducted negotiations looking to the reorganization of the Lewis Publishing Company under the leadership of former Governor Francis; Conrad Budke, of the Nelson Chesman Advertising Agency, by whom Lewis had formerly been employed, and William C. Hunter, a brother publisher. The witnesses introduced for this purpose at the second trial were former Congressman Nathan Frank, owner of the St. Louis Star; C. R. Irwin, president of Lord & Thomas, one of the foremost advertising agencies of the United

States, and Charles W. Knapp, publisher of the St. Louis Republic. The evidence given by these witnesses will be digested briefly. Mr. Lesan said:

TESTIMONY OF HARRY LESAN.

I am associated with the Lesan-Gould Company in the advertising and printing and publishing business. I have been personally engaged in that business about fifteen years. I have become familiar with the values of newspaper and magazine properties and those of a literary character generally. We have placed advertisements for various clients in the Woman's Magazine as advertising agents. In that capacity we stand in very much the relation of an attorney to his client. We advise our clients what mediums to employ and what amount of advertising to place in each. We give general advice on all advertising subjects. The Woman's Magazine, as of January, 1905, was considered one of the best mediums in the country for mail order advertising. Its advertising rate was then six dollars a line. It was very extensively patronized by advertisers. Its price was much less than other magazines published for the same purpose, but I considered it a very remarkable paper from a literary standpoint for the price.

The monetary value of a publication is usually determined either by its circulation or its profit-earning power. Assuming that the Woman's Magazine had a circulation throughout the United States of one and a half million copies (and it had) and considering the character of its advertising, with which I am personally acquainted, I should say the good-will of the property, exclusive of its tangible assets, was worth from one million to one and a half million dollars. I am also acquainted with the Woman's Farm Journal. Assuming a circulation of six hundred thousand copies, I should say from my knowledge of its character that its value was not more than two hundred thousand dollars. The advertising rate for that paper was lower, only two or three dollars a line.

TESTIMONY OF CONRAD BUDKE.

Mr. Conrad Budke testified as follows: I am president of the Nelson Chesman Company, newspaper and magazine advertising agents. I have been in that business thirty-two years. Our present business covers this entire country. We also do some business in Canada and in England. Our chief office is in St. Louis. We handle newspaper and magazine advertising for numerous clients, much in the same relation as that sustained by an attorney. The business requires a pretty complete knowledge of the value of publications. Our service consists in the selection of the best mediums for our clients.

I have been acquainted with the Woman's Magazine ever since its birth. I was one of the original subscribers to the preferred stock of the Lewis Publishing Company, and am still a stockholder. The market value of the Woman's Magazine during the years 1904 and 1905, on a circulation of one and a half million copies of each month's issue, was from one and a quarter to two million dollars, in my opinion. That sum is irrespective of its tangible assets. I was equally acquainted with the Woman's Farm Journal during the same period. I would estimate its reasonable value as a publication, irrespective of its tangible assets, as from three hundred thousand to four hundred thousand dollars. The advertising rate of the magazine was six dollars a line; of the Farm Journal two dollars. Their patronage was very extensive.

In cross-examination by Mr. Krum, this colloquy took place:

Your valuation is based upon an assumed circulation of the Woman's Magazine of one and a half million copies?

No, it is rather from the reports that we got from advertisers as to the returns from the Magazine.

Doesn't the circulation have anything to do with it?

Yes. That was a potent factor. It was the extent of the circulation that brought the big returns.

If in point of fact the genuine circulation of the Woman's Magazine was only about four hundred thousand copies, and the balance claimed was bogus, would that fact have a material influence in reducing your estimated value of the property?

Bogus? Do you mean free circulation—unpaid?

Yes.

Well, we would consider that as valuable as the paid circulation.

TESTIMONY OF COLONEL HUNTER.

William C. Hunter, on direct examination by Mr. Fauntleroy said: I am a publisher and ranchman. I live in Chicago and Idaho. I have made my home in Chicago since 1881. Until quite recently I have been interested as stockholder and officer in eight or nine publications. They are The Saturday Blade, The Chicago Ledger, The Woman's World, Home Folks, Household Guests, and a pure food publication, all of Chicago. My experience in publications has been through each successive step from printer's devil to proprietor. I have bought several publications. Usually I have bought them below their supposed value. I know their general worth and the general basis on which the price is ascertained. I believe from my experience in newspaper lines I can form an opinion of the value of any paper of a given circulation. I may say that it is largely the good-will and the subscription list upon which we fix the value in buying a publication. I have known the Woman's Magazine since its inception. I have known the Woman's Farm Journal about ten years. I knew it before Mr. Lewis owned it. In my opinion the Woman's Magazine, with a circulation of one and a half million throughout the United States, would be worth about seventy-five cents to one dollar for each subscriber. In round figures, that would be one million to a million and a quarter dollars, or somewhere in there. The Farm Journal, with a circulation of six hundred thousand would be worth around half a million.

TESTIMONY OF C. R. IRWIN.

At the second trial, C. R. Irwin testified as follows: I am the president of Lord & Thomas, newspaper advertisers and magazine advertising agency of Chicago. I live in that city. We do between three and four million dollars' worth of business a year. We deal, in our business, with all the different classes of publications in the United States, daily papers, magazines, agricultural papers, religious papers and mail order periodicals generally. The Woman's Magazine is among these publications.

I have known Mr. Lewis for the last twenty years. I have made special inquiry about the Woman's Magazine as a publication. Most of the advertisements in it were keyed. The object of this is to learn whether advertising in a publication is profitable or not. Our clients send us reports showing the number of replies received to each advertisement, the amount of goods sold, and the money that comes in. We then tabulate these reports. This gives us a basis on which to judge the value of the different publications. We have kept a copy of those returns for a period of many years. The Woman's Magazine stands at the head of the list. That is the actual experience from the records of our office. It was one of the best mediums in the country to reach the farmer and the inhabitants of small towns.

I remember the publisher of the Woman's Magazine commenced back in 1903 to investigate the character of the advertisements carried. I am familiar with their restrictions against advertising of a questionable character. That policy greatly increased the value of the publication as a medium for legitimate advertising. Many of the advertisements excluded by the Woman's Magazine in 1905 are accepted in the daily newspapers. I recall that Mr. Lewis once declined an offer from us amounting to about eighteen thousand dollars, because his rule was to sell at one time not more than one page to any advertiser. This advertisement contemplated several pages in one issue. He thought it would be a detriment to the other advertisers. His rate at that time was six dollars a line. We have paid the Woman's Magazine as high as sixty-five thousand dollars a year.

My judgment is that the Woman's Magazine on the first of March, 1905, entirely irrespective of its physical assets, was worth at least one and a half million dollars—perhaps more. I would consider the Woman's Farm Journal at that time worth two hundred thousand dollars.

TESTIMONY OF CHARLES W. KNAPP.

Charles W. Knapp testified at the second trial as follows: I am a resident of St. Louis, and am the editor of the St. Louis Republic and president of the corporation owning and publishing that newspaper. I hate to tell you how long I have been in the newspaper business. It is now very close to half a century. Over forty years. I have been actually engaged in newspaper work in various lines in both the editorial and business departments, and in managerial capacity for forty-one years. I have been intimately associated with editors, publishers and managers of newspapers. I suppose I have as much general information on that subject as any one person would be likely to have. I have been a member of the board of directors and of the executive committee of the Associated Press under various organizations bearing the same name for a period of eighteen years. I was at one time the president of that organization as it was then incorporated under the laws of Illinois. I was also for a term of years president of a national organization which comprises the important daily newspapers of the country. I am a member of the Associated Press and of another organization known as the American Newspaper Publishers' Association. I am today, and have been for many years, a member of the executive committee of that organization. I have necessarily, in my connection, been brought in frequent communication with managers of newspapers in all portions of the country.

I had a general knowledge of the Woman's Magazine in 1904 and 1905. This knowledge was gathered by some careful observation of the publication itself by reason of the competition which there necessarily was between it and publications conducted by the corporation of which I was the managing head. The impressions that I gathered suggested to me that it was worth over a million dollars, outside of any physical property.

VALUE OF THE UNIVERSITY HEIGHTS PROPERTY.

Touching the values of the real property of the University Heights and the Lewis Publishing companies, the following real estate experts were examined at the first trial: W. J. Holbrook, Henry L. Cornet and A. O. Rule. Messrs. Holbrook and Rule were re-examined at the second trial, at which time Nathan Frank and James W. Black were also called to the witness stand. At the first trial Mr. Holbrook said:

I am president of the Holbrook-Blackwelder Real Estate Trust Company. I have been engaged in the real estate business in the vicinity of St. Louis for fifteen years. I am acquainted with the value of real estate in St. Louis county. I have been especially acquainted with the values in what is generally known as the University Heights tract in University City. I was well acquainted with those values in 1904 and 1905. My concern sold about four hundred thousand dollars' worth of that property in the fall of 1905. The values ranged from thirty-five to sixty-five dollars a front foot. We made a large number of sales at different prices. The values in Section Two ranged from forty to seventy-five dollars a front foot. Section Three was unimproved property, but well worth six thousand dollars an acre. I would estimate the entire tract, including sections one and two, taking in the sold as well as the unsold portion, at about one million, four hundred thousand dollars. The portions sold brought four hundred thousand dollars. There were left thirty-two thousand front feet, which I estimated as worth one million dollars.

Henry L. Cornet testified to having been a real estate agent in St. Louis and vicinity in the neighborhood of twenty-five years.

He stated that he had handled a number of estates in University City, and was familiar with the original University Heights tract of eighty acres. "I should consider that tract worth, in 1905," he said, "in the neighborhood of thirty to sixty-five dollars a front foot. Reckoning two hundred front feet to the acre, at Mr. Cornet's acreage estimate, the total value would amount to approximately one million dollars. This was the estimated value of the original tract purchased by Lewis in 1903 for two hundred thousand dollars.

A. O. Rule, at the first trial, testified to nineteen years' experience in general real estate as buyer and seller. As a member of the firm of Kilgen & Rule he had handled the Parkview property. He estimated the value of the original University Heights subdivision in 1905 at forty to forty-five dollars, that is in round figures, seven hundred thousand to eight hundred thousand dollars. He estimated the entire University Heights tract north of Delmar avenue at one million dollars.

At the second trial, Nathan Frank, who as trustee for the Metropolitan Life Insurance Company, had advanced four hundred thousand dollars upon the unsold portion of the University Heights tract a few months previously, stated that he had made an inspection and placed a valuation on Sections One, Two and Three. He estimated the value of twenty-three thousand front feet at something near a million dollars, or at the rate of approximately forty-five dollars a front foot.

James W. Black testified, at the second trial, to having been the contractor and builder who erected the Woman's Magazine Building. The construction, without embellishments and ornamentation, cost, he stated, a quarter of a million dollars. Mr. Black stated that the building was erected under Lewis' direction, and all obligations connected with it were promptly discharged. There were no liens of any kind upon the building, to his knowledge.

VALUE OF THE PEOPLE'S BANK.

Touching the third point of the defense, the organization of the People's Bank itself, Messrs. Stilwell and Dickinson were examined at the first trial. James B. Wilbur and former Governors Stephens and Francis were examined at the second trial. Mr. Stilwell stated that he was engaged in building the Kansas City, Mexico & Orient Railway, of which company he was president, from Kansas City to Tehuantepec, Mexico, 1,659 miles. The witness stated that he was also president of the Guardian Trust Company and the Mexican Trust Company. He was making a study of banking matters, and had published an article on the subject. Mr. Stilwell stated that he had read Mr. Lewis' first article, on banking by mail, in the Woman's Magazine, with great interest. He afterwards had a long talk with Lewis on the subject, and read every article that the latter had ever written. He had talked with Lewis four or five different times, half a day at a time, before the organization of the

bank. He had expressed the wish to subscribe for a good block of the stock, but had been limited by Lewis to a subscription of five hundred dollars, which was the limit. He had promised Lewis to serve as a member of his permanent board of directors.

Mr. Dickinson, vice-president of the same railroad, testified that he was formerly general manager of the Union Pacific Railway, having been connected with that company altogether about thirty-three years. He had first learned of the People's Bank while visiting the plant of the Lewis Publishing Company with a party of friends from Omaha. Mr. Dickinson later became one of the original incorporators. He was asked by Lewis to serve as a member of the permanent board of directors, and had promised to do so. He subscribed to the stock of the bank to the limit of five hundred dollars for each member of his family, a total of twenty-five hundred dollars.

James B. Wilbur, of Chicago, stated, at the second trial, that he had been president of the Royal Trust Company of Chicago for the last twelve years. The combined capital stock and surplus of that institution was something over a million dollars. Mr. Wilbur stated that both himself and the vice-president of the trust company had subscribed to the stock of the bank to the limit of five hundred dollars, and that he had expressed the wish to make a larger subscription, if allowed to do so. He stated that the Royal Trust Company had loaned Mr. Lewis one hundred thousand dollars, and that it had advanced the Lewis Publishing Company as high as fifty thousand dollars. The witness testified that the paying banks associated with the People's United States Bank in its certified check system were among the best in the United States.

Former Governor Lon V. Stephens stated, at the second trial, that he had occupied the position of governor of Missouri for four years and also that of state treasurer for seven years. He had formerly been vice-president of the Second Central National Bank of Boonville, Mo., and president of the Central Missouri Trust Company at Jefferson City, Mo. Governor Stephens stated that he had become a director of the People's Bank at the time the secretary of state demanded a reorganization, and then became familiar with its operations. The witness testified that in his opinion the franchise and good-will of the People's Bank prior to the issuance of the fraud order was worth up into the millions of dollars.

Former Governor David R. Francis, at the second trial, stated that he had served as mayor of St. Louis from 1885 to 1889, and as governor of Missouri from 1889 to 1893. He had also acted as secretary of the interior in President Cleveland's Cabinet for about six months. Later, he had served as president of the Louisiana Purchase Exposition Company. He was vice-president and director of the Merchants-Laclede National Bank, and director of the Mississippi Valley Trust Company. Governor Francis testified in substance as follows:

Mr. Lewis asked me to become a member of his advisory board. I told him I was otherwise occupied, and that I had banking interests which might conflict with his bank, so that I couldn't think of doing so. I stated to him that I thought the bank plan was good, but that it would be impossible for him to put it into practice, on account of interfering with other interests. I thought I was familiar with Mr. Lewis' general reputation for honesty and integrity in the city of St. Louis during the year 1904. I was very busy and didn't have much time to talk about the character of the people in St. Louis, but the impressions I had of his character were that it was good. I was not doing much commercial business at the time. I was on the fair grounds, and wasn't down in commercial circles. But I must have heard Mr. Lewis' character discussed from time to time. So far as I know it was good.

THE MISTRIAL AND ITS EFFECTS.

The defense sprung a surprise, according to the St. Louis Times of Wednesday, November 20, by resting its case at 10:25 a. m., after having called but one witness at the morning's session. Judge Barclay, of Lewis' counsel, when asked why no more witnesses were called, replied: "Because we think beyond a doubt we have made our case." "The consensus of opinion of those who had followed the examination and cross-examination of Lewis," said the Times, "was that the defense for the banker-publisher had been materially strengthened by his own testimony. Predictions were freely made about the court room that his acquittal was sure to follow."

Lewis was bitterly denounced by District Attorney Blodgett, who summed up the case of the Government in a two hours' address to the jury.

Blodgett was followed by Attorney O'Brien for the defense at 10 a. m. on Thursday, November 21. So great was the throng in attendance that the court room door was locked at 11 o'clock to prevent the attempt of persons in the hall to force themselves in. O'Brien, in turn, was followed by Judge Shepard Barclay, senior counsel for Lewis, who closed the argument for the defense with an address lasting over an hour. Judge Chester H. Krum, special counsel for the Government, closed the argument for the prosecution at 4:10 p. m. Judge Carland at once charged the jury and dismissed them to their deliberations.

The jury was still out when the evening newspapers of Friday went to press with their last editions. The Saturday morning issues contained the news that after being out twenty-two hours, they had reported their inability to agree and had been discharged. According to the Republic of November 23, the jury stood nine to three for acquittal.

THE SECOND TRIAL OPENS.

The St. Louis Republic, of April 11, contained a brief item, stating that John A. Riner, United States district judge, of Cheyenne, Wyo., had been assigned to preside at the United States district court in St. Louis, beginning May 5, when the Lewis case would be taken up. The Republic of April 16 chronicled a conference held the preceding day by former Postoffice Inspectors Fulton and Stice, Truman Post Young, assistant district attorney, and Judge Krum, in

preparation for the trial. The case opened promptly, according to the St. Louis Times, on the date stated. The same counsel entered their appearance upon both sides. A feature of the examination of talesmen was the inquiry by United States Attorney Blodgett in both cases as to whether any of them had read "The United States Government's Shame," recently issued by former Third Assistant Madden. "A number of copies of the book," says the Post-Dispatch, "were in the court room. It is bound in brilliant scarlet, and each copy makes a little spot of color in the otherwise dark and dreary setting of the room. The book is a defense of Lewis and a tirade against the Postoffice Department. The author, it is said, resigned because of the methods pursued by Postmaster-General Cortelyou in the Lewis case."

Attorneys for Lewis were equally careful to inquire whether any of the veniremen were personally acquainted with Postmaster Wyman or other Federal officials, or if any relatives of the veniremen were in the Government employ. The two trials were in all essentials similar. For the most part the same witnesses were examined. "A ripple of excitement," says the Post-Dispatch, "was caused by the arrival of the youngest stockholder in Lewis' Bank, the celebrated thirty dollar baby." The chief new witness for the Government was former Postoffice Inspector Fulton. The prosecution unexpectedly rested its case on May 8, the fourth day of the trial. The newspapers, commenting on this, drew attention to the fact that the Government had occupied two full weeks in presenting its case at the early trial, and noted that the expediting of the case was due to the attitude of Judge Riner.

The drift of local sentiment favorable to Lewis was shown by the willingness of bankers and business men of St. Louis to take the stand in his behalf at the second trial. The defense opened on Saturday, May 9, and closed the following Wednesday afternoon, May 13. It occupied less than four days. The testimony of former Governor David R. Francis, August Schlafly, former president of the Missouri-Lincoln Trust Company, and of the members of the re-organized directorate of the bank, Messrs. Stephens, Carter and Coyle, was said by the press to have been very favorable to the defense. Dan Lewis, the banker of Carlisle, Ark., who averred that he had been threatened with a fraud order by Postoffice Inspector W. L. Reid, for having written letters to members of Congress in Lewis' behalf, was present as a witness. He testified that it was his purpose to buy ten thousand dollars' worth of stock, but found that five hundred dollars was the limit for one person. "I found I had only one wife and five children and subscribed the full amount allowed for them and myself," he said.

The defendant was placed upon the stand Wednesday morning, May 13. He was advised by the court that it was optional with him whether he was sworn or not, an oath not being required of a defendant on a criminal case in the Federal courts. Lewis was

sworn, at his own request. His testimony was in substance the same as that given at the former trial. Surprise was manifested, says the *Globe-Democrat* of May 14, when the Government allowed Lewis to leave the stand after a very brief cross-examination, which brought out nothing of importance. The fact was recalled that the cross-examination of the defendant in the previous trial was regarded as having greatly strengthened his defense. At the close of Lewis' examination, the jury was dismissed pending argument by counsel on the motion of the defense that the court direct the jury to bring in a verdict of acquittal. This motion was argued at length on Wednesday afternoon. The court reserved decision.

THE ACQUITTAL.

Thursday morning the streets were alive with newsboys shortly after court convened, shouting "Extra Star, E. G. Lewis Acquitted!" The headlines recited that Judge Riner had ordered the jury to bring in a verdict of acquittal! The scene that followed this summary dismissal of the case, whereby in effect the prosecution was thrown out of court, is thus depicted in the *St. Louis Star* of that date:

Although Judge Riner stated from the bench that demonstrations of approval or disapproval on the part of the vast throng which crowded the court would not be tolerated, a most affecting scene followed his ruling. Former Governor Lon V. Stephens was the first person to reach Lewis' side and grasp his hand following the verdict of acquittal. The defendant's wife was next at his side. Lewis kissed and embraced his wife, and they felicitated each other on the outcome of the trial. A strikingly peculiar feature of the scene was that almost every member of the jury rushed to Lewis and heartily congratulated him on the result of the trial. Several jurors informed him that the jury would have acquitted him without instructions from the Court.

The *Post-Dispatch* remarked: The jury seemed entirely willing to follow the instructions of Judge Riner. When the clerk, after reading the verdict, asked the formal question whether the verdict was that of the whole jury, all the members nodded promptly. Several replied with emphatic affirmatives. Several jurymen crowded about Lewis and told him they would have acquitted him in any event. Says the *Times*: An unusual incident was that the jurors did not wait for Lewis to come over and thank them, but all crowded in his direction the moment they were dismissed. "The ruling of Judge Riner," says the *Star*, "comes as a great surprise to many of the Government officials who have been active in pushing the charges against Lewis. They were unable to conceal their chagrin."

Interviewed by a *Times* reporter at the close of the trial, Judge Shepard Barclay said: "This is the end of our fight, and we have won." Even the district attorney, according to the same newspaper, was quoted as having said to Lewis, "You won fairly." The sentiment of the community was reflected editorially by the *St. Louis* newspapers on May 15. The *Republic* said:

The acquittal of E. G. Lewis yesterday was anticipated by all who had any knowledge of the facts. Both the State and Federal courts have now put the seal of condemnation on the extraordinary proceedings by which his banking enterprise was wrecked. Two courts have formally ruled that, however visionary his project may have seemed, there is absolutely no evidence that he devised his banking scheme with intent to defraud. There was, therefore, no justification for the harassing prosecution to which he has been subjected. When the half-dozen or more cases involving the al-

leged violations of the postal laws come to trial, if they ever do, it will be found that they rest on the same sort of unsubstantial foundation.

Lewis' acquittal and complete vindication had a two-fold effect. It crystallized public sentiment in his favor, and it set free his energies to attack, with zest, the many new projects, the seeds of which were germinating in his fertile mind. Lewis' return to University City after the impromptu reception accorded him in the court room, was a triumphal procession. Friends hailed him from the streets and greeted him as he passed, shouting congratulations. On his arrival at University City all the employees of his enterprises were grouped *en masse* on the front steps of the octagon tower to give him a welcome. The word passed among his neighbors like wild fire, and plans for a public reception and testimonial were immediately set on foot. The following handbill was printed and distributed throughout St. Louis county: "E. G. Lewis acquitted. Victory over oppression and persecution to be celebrated. Citizens of St. Louis county are requested to assemble at the court house this evening at 7:30, to arrange for a demonstration in honor of the final triumph of Mr. Lewis and to show how he is appreciated in the county."

Says the Republic of May 16: Residents of Clayton and University City united last night in a demonstration celebrating the victory of E. G. Lewis on his acquittal of the charge of misusing the mails in promoting the People's United States Bank. A crowd estimated at 1,200 persons congregated on the lawn in front of the Woman's National Daily Building to greet the man who had signally defeated the United States Government in a three years' legal battle. Scores of people from St. Louis joined in the ovation. Joseph C. McAtee read a testimonial which had been engrossed on parchment and signed by residents of the county, pledging their moral support to Mr. Lewis in all of his present and prospective enterprises. The signers expressed their unqualified confidence in Lewis. Lewis, deeply affected, made a response in which he thanked his auditors for their staunch friendship and support. Without this, he said, he could never have been victorious in his fight against such odds. Continuing, Lewis promised that within a short while the People's United States Bank would be reorganized. There would also be at University City, he said, a library, a correspondence school and many other notable improvements. He declared his purpose to improve University City with many miles of paved streets, park, water, gas, electric lights, and sewers, and to make University City an ideal residence district.

The fact that a Federal grand jury had been summoned to bring in additional indictments against Lewis was noted in the St. Louis press of October 6, 1908. The refusal of the grand jury to indict was chronicled three days later. In an effort to get a new indictment, the attorney-general of the United States took the case out of the hands of the local Federal officials and brought on Robert P. Whitehouse, formerly United States district attorney of Portland, Me., as a special assistant to Attorney-General Bonaparte. For three days Whitehouse brought witnesses before the grand jury. The jurors then intimated that they did not care to hear further evidence. According to reports at the Federal Building, one of the grand jurors, a widely known St. Louis business man, delivered a

speech to the jury declaring that Lewis was being persecuted by the Government. This juror said that Lewis had brought hundreds of thousands of dollars to St. Louis, and that he should be welcomed and protected by business interests, rather than prosecuted. When the vote was taken there was not a sufficient number to return a true bill. Six additional indictments were, however, kept hanging over Lewis' head for twelve months more. Then, on October 23, 1909, the district attorney came into court of his own motion and caused all of these indictments to be dismissed. Following is the language of the official record:

And thereupon the district attorney says that he will not further prosecute the said defendants upon the indictments herein against them, and asks that the said indictments be now dismissed.

JUDGE RINER'S OPINION.

The opinion of Judge Riner in directing the verdict of acquittal on May 14, 1908, may therefore be taken as the close of the first joint campaign of the Postoffice Department and the Department of Justice to bring about the conviction of Lewis on a criminal charge. This decision marks perhaps the greatest victory of the Siege. So significant is its language that the full text is here given. With this judicial finding that the evidence of the defendant's (Lewis') good faith was "overwhelming" this chapter may fitly be brought to a close. The Court said:

At the conclusion the defendant's counsel moved the Court to instruct the jury to return a verdict of not guilty. Upon this motion the Court invited argument. The argument of counsel, together with the evidence given upon the trial, has been intently and deliberately considered, and we now proceed in a brief way to a disposition of it. If this motion is well taken, the trial ends. It becomes important and necessary, therefore, to determine this question before proceeding further in the case, and where counsel rely upon it, the practice is, as was done in this case, to present this question for the consideration of the Court at the conclusion of the testimony.

The indictment charges the defendant in proper form with having devised a banking scheme to defraud certain persons therein named and others, and as a part of that scheme that he intended to, and did, use the mails of the United States, for the purpose of putting it into effect, in violation of Section 5480 of the Revised Statutes of the United States as amended.

Much testimony has been taken by both sides along the same general line. Indeed, there is really no conflict as to the principal facts. The evidence shows conclusively that the defendant did devise a scheme to establish this bank and that as a part of the scheme he intended to, and that he did, use the United States mails for the purpose of carrying the scheme into effect. The fact of the existence of the scheme, and the method of carrying it into effect being established, we pass to a consideration of the other and all-important question, was the scheme devised by the defendant with the purpose and intent to defraud? This question we are to determine from the facts surrounding the transactions disclosed by the evidence. This, and kindred questions, are ordinarily, and in all cases where the Court entertains a doubt, left to the determination of a jury. It is quite true that the Court should be very careful, in all cases, not to exercise or assume powers which do not properly belong to it. But it is equally true that it should never hesitate to perform its full duty regardless of the question whether the result of its judgment may please or subject it to criticism.

When a question like this is presented, and the only alternative is a

dereliction of duty, or the possible criticism of the public, the man has no business on this bench who would hesitate one moment which to adopt. The Government, as suggested during the trial, is interested in this prosecution; interested in two ways: First, to see to it if this defendant has violated the laws of this country that he is fairly tried and punished for his crime; and, second, if his guilt is not established, then to see to it that he is promptly acquitted of the charges against him.

Counsel for the Government have performed their duty in this respect and have presented the case fully, and, the Court thinks, fairly. But in this, as in every other case, there is a preliminary question to be determined by the Court at this stage of the proceedings, and, it is this: Giving to the jury the broadest latitude to draw every inference which twelve men could reasonably and properly draw from the evidence, would the Court be willing to accept a verdict of guilty as a basis of judgment for conviction? While I do not anticipate that such a verdict would be reached by the jury if the Court should see proper to submit the case to them, yet I am free to say, that the Court, leaving out of consideration the testimony of the defendant, could not, under the evidence, permit such a verdict to stand and would feel bound to set it aside. I say this without reference to the defendant's testimony. It is but fair to add, however, that his testimony, his demeanor upon the stand, his full disclosure of all the facts surrounding the case, tends to strengthen the views here expressed.

I shall not take the time to review the evidence at length, but consider it all sufficient for our purpose in disposing of the case to say that the scheme, devised and carried into effect by the defendant, appealed not only to persons unfamiliar with the banking business, but also to bankers, officers of trust companies, vice-presidents and general managers of railroads, and others whose life work is to deal with such questions.

That the defendant was a man whose character among business men was above reproach, has been repeatedly testified to by reliable men upon the witness stand. They had faith in his scheme and subscribed for the stock of the bank, and they have faith in it yet. Certain it is that the defendant did not personally profit by it. The course taken by him to fully reimburse all of those who had joined in the enterprise and his success in that respect, under very trying circumstances, is, to my mind, the best evidence of the lawful purpose of his scheme.

While I am free to say that upon its face the scheme seems to some of us, who are accustomed to more conservative methods of transacting business, rather visionary, yet, as stated by the Supreme Court in the case of *Durland vs. United States*, 161 U. S. 306, if the defendant "entered in good faith upon that business, believing that out of the money received he could by investment or otherwise make enough to justify the promised return, no conviction could be sustained, no matter how visionary might seem the scheme."

It is all sufficient for me to say in conclusion that, after carefully reviewing the evidence, the Court is of the opinion that the evidence of the good faith of the defendant is overwhelming, and that the charge of a fraudulent purpose in devising and carrying the scheme into effect is not sustained.

Under such circumstances it is the plain and bounden duty of the Court to direct a verdict and to end the trial. * * * Indeed, I think it is the well established rule, it is not only the privilege but the bounden duty of the Court to so dispose of the case when satisfied that no other verdict could be permitted to stand. I desire to express to counsel upon both sides of this case my appreciation of the fairness and evidence of a candid purpose on their part to present to the Court the whole case, which has characterized this trial. Gentlemen of the jury, for the reasons stated, with the request made by this defendant, you are directed to return a verdict of not guilty in this case, and the motion of the defendant is sustained.

CHAPTER XXIX.

DELEND A EST CARTHAGO.

THE FALL OF UNIVERSITY CITY—THE ELEVENTH INDICTMENT—ENTERS, INSPECTOR SWENSON—SWENSON ON THE GRILL—THE RECEIVERSHIP PROCEEDINGS—THE TWELFTH INDICTMENT—THE THIRD TRIAL—THE COURT'S CHARGE AND ARGUMENT FOR THE PROSECUTION—THEORY OF THE LEAGUE—THE REAL E. G. LEWIS—THE PEOPLE'S UNIVERSITY—THE LAST ASSAULT—THE CONGRESSIONAL INQUIRY—THE RAVAGES OF WAR—VICTORY IN DEFEAT—THE AMERICAN WOMAN'S REPUBLIC.

They have not tried Mr. E. G. Lewis for some little time, and we were beginning to wonder whether they had got out of the habit. We note with interest that another Lewis case is about due. It is probably a good thing to try him every so often, just to keep their hand in. Whatever else has been said about his faults as a business man, nobody can say he has not contributed handsomely to the business of the courts around here. It would be an awful thing if they ever let him get away from them for good. And how stupid it would be for the public! Our Lewis trials have become quite as much of an institution, dear to home pride, as the free bridge.

Thus observes the St. Louis Republic, commenting editorially upon the apparent determination of the Federal clique to keep Lewis on the rack. This delicious little skit was entitled "A Continuous Performance." It was printed upon the occasion of Lewis' latest indictment in December, 1911. For the fifth anniversary of Lewis' second trial before Judge Riner found him, for the eleventh time, under indictment. For the third time he was upon trial, in the United States District Court at St. Louis. He was again to defend himself against charges of having used the United States mails with intent to defraud. Once more he sat at the counsel table for the defense, supported on either hand by his attorneys, Judge Shepard Barclay and Patrick H. Cullen. For the latter, meantime, had become a law partner of Lewis' senior counsel.

The counsel table for the prosecution was once more encircled by Federal officials. The present United States district attorney, Charles A. Houts, and his assistant, Homer Hall, headed the list. Some half dozen postoffice inspectors, including the chief inspector from Washington, were in continuous attendance. Conspicuous among these was James L. Stice, former complainant against the People's Bank and chief witness on behalf of the Government at the congressional inquiry. Prominent also was Inspector J. S. Swenson, specially commissioned by the Postoffice Department, in 1911, to put Lewis in the penitentiary.

A new Federal judge, Charles F. Amidon, of North Dakota, is on the bench. This name is not, however, unfamiliar to the reader. Amidon, though a district judge, sat with Circuit Judges Sanborn and Hook in the United States Circuit Court of Appeals during the May term of 1910. He then concurred in the final decree handed down by Hook in the case of the Lewis Publishing Company versus Wyman. This was the suit to enjoin the withdrawal of second-class entry from the Woman's Magazine. It was the case in which Judge Sanborn (now presiding judge of the United States Court of Appeals for the eighth circuit), gave a dissenting opinion. Had Amidon concurred with Sanborn, rather than with Hook, on that occasion, the wounds of the Lewis Publishing Company could have been healed by judicial process. There need have been no appeal to Congress, or tedious recourse to the United States Court of Claims. Amidon thus had personal knowledge of the controversy between Lewis and the Postoffice Department. He had, indeed, already cast one decisively adverse vote therein.

THE FALL OF UNIVERSITY CITY.

A full account of Lewis' activities during the five years from 1907 to 1912, would require a companion volume equal in size to this present story. A complete history of the American Woman's League alone is well worthy of being recorded, and may some day be undertaken by the present writer. It would not be possible to clarify the issues of the last indictment and trial of Lewis, without first reviewing the history of the municipality of University City, the University City Improvement Plan, the People's Savings Trust Company, the purchase of the St. Louis Star, the American Woman's League, and the Builders' Fund Debentures, as fully as we have dwelt in the foregoing chapters upon the story of Lewis' earlier enterprises. No attempt will be made, therefore, in this place, to report fully the recent trial, or to place the reader in a position to entertain a positive conviction as to the issues. The only conclusion we can feel justified in drawing with relation to this third trial of Lewis, is that neither the Administration itself, nor the Federal agencies through whom it is compelled to operate, can come to the trial of this defendant with open minds or with clean hands.

Lewis' condition at his latest trial and his estate when he was placed upon his defense for the first time in the matter of the People's Bank, are in marked contrast. Even at the former trial he sat amidst the wreck and ruin of his past prosperity. But then according to his belief, he had power and resources, to resurrect and rehabilitate them. In 1912 he was penniless. In the six years from 1899 to 1905 he had built up his enterprises to a point such that his equities alone amounted to something like two millions of dollars. Within the two years from 1905 to 1907, those enterprises had been destroyed. Then, for five years, from 1907 to 1912, Lewis had labored with tireless industry, working night after night

until the small hours of the morning, to retrieve his losses and re-establish his own fortunes and those of his investors and dependents. To that end he had stripped himself of all his holdings in his various corporations. He had mortgaged their every asset. By this means he had secured loans aggregating some three millions of dollars. Every dollar of this vast sum had been staked in his strenuous endeavor to stem the ever rising tide of adversity. All had been swept away. Finally, in an effort to protect the interests of his investors, he had mortgaged his own home for thirty-five thousand dollars. He had realized upon the surrender value of his life insurance policies and had employed the proceeds in like manner. He had even withdrawn from the savings bank a little nest-egg of two thousand dollars which he had been accumulating for two young nieces who are members of his immediate family. He had withheld no sacrifice. Finally, he had cheerfully acquiesced in a plan for the reorganization of his enterprises proposed by certain Eastern publishers associated with the American Woman's League. This plan embraced the assignment by Lewis of all his equities in his various companies, and all his personal property. It demanded his relinquishment of all the offices he formerly had occupied, save only that of president of the American Woman's League. It required his voluntary retirement from the active management of these various institutions. This was a creditors' movement. It was proposed solely in the interest of the investors. It contemplated the liquidation of such of the companies as were found to be in a hopelessly bankrupt condition. It anticipated, however, the reorganization and revival of others, the resources of which seemed sufficiently tangible. Lewis sought only to assure himself that the offices of his brother publishers were tendered in good faith, that the proposed plan was in capable hands, and that it gave promise of successful issue. He then, on April 11, 1911, unhesitatingly attached his signature to the mass of legal documents which stripped him of the last vestige of his earthly possessions. But even this did not relieve him of personal obligations in the form of his debenture notes in excess of one and a half million dollars.

Eugene H. Angert, attorney for the Reorganization and, later, for the receiver of the Lewis enterprises, told the congressional committee of his part in preparing and having executed the power of attorney under which Lewis thus transferred to others, without reserve, the control of all his properties. Mr. Angert said:

I spent a month investigating the different legal phases of these institutions, but without meeting Mr. Lewis. It was thought, if I talked with him, that he might influence me by making some suggestion as to how the reorganization should be brought about. Much to my surprise, when the papers were finally drawn, Mr. Lewis signed everything. In justice to him it should also be stated that for a period of three months, while the Reorganization was in control, he never interfered in any way with the operation of these properties.

After this act of self-abnegation, Lewis arranged to leave University City for a time, in order to draw away from his enterprises, if possible, the fires of the Siege, which had been renewed by the Federal forces. He hoped to concentrate them upon his personal activities. He therefore appealed to the little group of staunch friends and backers who had stood by him from the very beginning of his spectacular career, for the money necessary to make a trip to the Pacific Coast in the interests of the American Woman's League. A half dozen of these old friends raised two thousand dollars by voluntary subscription among themselves, and loaned that amount to Lewis for the purposes of this journey. He took his departure in May, 1911, upon the eve of the inquiry which had been directed by vote of Congress into the conduct of the Postoffice Department in these affairs. His departure was the signal for the fall of University City. For, during Lewis' absence on the Pacific Coast, University City was at last invested and taken by the Federal forces and their allies. All of his enterprises were thrown into the hands of receivers, under circumstances next to be described. His absence alone spared him the humiliation of personally surrendering the keys of his stronghold to the victors.

THE ELEVENTH INDICTMENT.

Lewis' books and papers having thus fallen into possession of the enemy, Government expert accountants and postoffice inspectors were free to investigate to their hearts' content. The news of the receivership proceedings was speedily followed by tidings of Lewis' eleventh indictment, upon renewed charges of having used the United States mails with intent to defraud. The entire proceeding whereby the receivership and indictments were procured, was evidently engineered by the Administration through postoffice inspectors and the Department of Justice, in an effort to checkmate, if possible, the pending congressional investigation. In this the allies were unsuccessful. Despite all speed by the inspectors in the investigation of Lewis' books and papers, the summoning of a grand jury and the subpoenaing of witnesses, an indictment could not be procured until the very day the Ashbrook Committee began its hearings. It was a neck and neck race, so to say, with Lewis winning by a nose. The congressional committee, having opened its inquiry before news of the indictment came to hand, refused to allow the manifest subterfuge of the Department to interfere with the progress of its investigation. For it should be clearly borne in mind that the inquiry of the Ashbrook Committee is not an investigation of Lewis, but of the Postoffice Department itself. Lewis was recalled from the Pacific Coast to appear as a witness before the committee some weeks afterwards. The only immediate benefit of the indictment to the Federal authorities, was to compel Lewis to absent himself from Washington long enough to make a trip to St. Louis for his formal arraignment. The congressional committee, unmoved by political con-

siderations, refused to allow the pendency of the indictment to interfere with the progress of its investigation.

ENTERS, INSPECTOR SWENSON.

A few words touching the manner in which this last indictment was secured, and a brief sketch of the impressions conveyed to the writer's mind by the scenes in the court room, will reveal the atmosphere surrounding the entire case. The story of the Siege must then be drawn to a close. The keynote to these proceedings is to be found in the personality of the man selected by the Department at Washington to devote his entire time and attention to the Lewis case. The personage who thus assumes a position of commanding importance in the closing campaign of the Siege, comparable to that of Inspector Fulton in earlier days, is one J. S. Swenson, a postoffice inspector from the State of Iowa and reputed to be a protege of Judge Smith McPherson. Swenson is reported to have boasted to David L. Grey, St. Louis representative of Price, Waterhouse & Co., that he was assigned to St. Louis to "put E. G. Lewis in the penitentiary." Swenson sought to qualify for the task by alluding to his success in running down the Maybray gang of confidence men and fake foot racers. This, he avers, was the basis upon which he was chosen as a suitable person to carry the policies of the Department touching Lewis into effect. H. T. Westerman, of Westerman, Trader & Co., also testified that Swenson boasted he would "get" Lewis. He is said to have remarked: "Lewis has accused us in his paper, and we are going to 'get' him." Swenson, by his own admission, worked hand in hand with Claude D. Hall, one of the attorneys who forced the receivership. He also admitted sending circular letters to the Class A publishers connected with the League, the manifest purpose of which was to intimidate those publishers by veiled threats of the displeasure of the Postoffice Department, and thus cause them to withdraw from Lewis their co-operation and support.

Swenson, it also appears, was instrumental in forcing District Attorney Houts to hasten the reindictment of Lewis. Houts, himself, testified before the Ashbrook Committee that when he assumed office in February, 1910, he made a mental reservation to conduct any investigation against Lewis with an open mind and not to allow himself to be hurried into a prosecution unless it appeared that there were reasonable grounds for such action. But it was developed by testimony before the Ashbrook Committee that Swenson had forced Houts' hand. It became necessary for the latter, in order to head off a movement which threatened to discredit and even to oust him from control of the case, as United States district attorney, to take steps to secure the return by the grand jury of the indictment which was later quashed on demurrer. Mr. Houts said: "It came to my knowledge that a plan was on foot to appoint Henry Rosskopf special prosecutor to take charge of the Lewis case. I at once went to Washington for a conference with At-

torney-General Wickersham. This programme was called off. I took Swenson to Washington with me. It was thought the case had not moved fast enough."

SWENSON ON THE GRILL.

While Swenson was on the stand before the Ashbrook Committee, Congressman Redfield introduced and read into the record a circular letter signed by the former, under date of February 17, 1911. This circular invited the recipients to state what financial transactions they had had with the Lewis concerns. One of these was sent to Rev. J. L. Holtzman of Sherrard, Ill. It elicited from Mr. Holtzman the following response: "I have no complaint to make against Mr. E. G. Lewis. I am reading the 'Corruption of our Postal System,' and I think it is a disgrace to our Government to allow such a 'spy system' to exist." Swenson identified his reply to Holtzman, which was read into the record. In it Swenson says:

It is not the policy of the Government (sic) to reply to ordinary letters of abuse, but inasmuch as you are a public man, an exception is made in this instance. It would be improper to go into a discussion of the causes which have compelled two departments to again order an investigation of Mr. Lewis, and I will only say that you are misled in your attitude. You are, of course, reading but one side, and it seems a little strange that a man of intelligence should permit himself to be carried away by the abuse and insolent methods adopted for his own purposes by the party under investigation. If you were here it would not take long to show you such facts as would quickly convince you that the course of the Government has been made necessary. When the Government has a duty to perform, it, of course, will be done regardless of abuse of officers of the law, either by crooks or their sympathizers.

THE CHAIRMAN: Mr. Swenson, you wrote this letter?

MR. SWENSON: Yes, sir; I did.

THE CHAIRMAN: Will you tell the committee whom you referred to when you said "either by crooks"?

MR. SWENSON: That is a general expression.

THE CHAIRMAN: A general expression?

MR. SWENSON: I had not meant that to specifically apply to Mr. Lewis.

THE CHAIRMAN: Did you, or did you not, intend to convey that impression to Mr. Holtzman?

MR. SWENSON: No, sir; I never! I meant to convey the general idea that officers of the law are bound to do their duty, no matter whether they are abused or opposed, no matter what result.

THE CHAIRMAN: I then understand you do not consider Mr. Lewis a crook?

MR. SWENSON: I didn't say that.

THE CHAIRMAN: Well, have you changed your mind about it since you wrote this letter?

MR. SWENSON: I don't know as I have. I don't think I have. I say, so far as that expression is concerned, that is my idea of a public officer. He is bound to do what he thinks is right—to do his duty—whether abused or not. That is what I expected to do to the best of my ability.

MR. ALEXANDER: I don't think, from the reading of that letter, there is anybody of ordinary sense but would understand that reference was to Mr. Lewis as a crook. Even if Mr. Swenson were to deny it until he was white-headed, I wouldn't believe him.

MR. MCCOY: I would like to call the attention of the district attorney of this district to this testimony here, and let him take that before the grand jury in St. Louis and see what will happen.

MR. AUSTIN: What are you going to do with a postoffice inspector for an expression of that kind?

THE CHAIRMAN: He has no right to brand any man as a crook until he is proved a crook, and the Postoffice Department has not yet been able to prove Mr. Lewis is a crook, although he has been indicted a dozen times.

Mr. Britt, the third assistant postmaster-general, later asked the privilege of making a statement in defense of Swenson, and to register an exception to the language used by members of the committee in thus branding Swenson as a perjurer. Mr. Britt explained that while he would admit Swenson had been guilty of many indiscretions, and had resorted to methods in the investigation of the Lewis case which he (Britt) as the representative of the Department, could not approve, he had it from Judge Smith McPherson that Swenson is an energetic and conscientious official. He admitted that Judge McPherson had told him, however, of some of Swenson's indiscretions. He said: "The remarks that have, in effect, branded Mr. Swenson as a perjurer are, of course, very severe and indicate turpitude of the very highest degree." Various members of the committee then defined their precise attitude as follows:

CHAIRMAN ASHBROOK: Mr. Britt has stated that this inspector, Swenson, is indiscreet and has done things which he cannot commend or approve. It is those things which I criticise. I do not wish at this time to offer any further criticism of Mr. Swenson, but I cannot, as an honest man—and I believe I am—withdraw anything that I have said. Two days ago I stated that, if the charges made against Mr. Swenson were true, he ought to be removed. I believe so now.

MR. ALEXANDER: I heard Mr. Swenson's testimony. I heard his answers to questions propounded by the chairman, relating to threats alleged to have been made by him against individuals from whom he sought to get statements. I noted the evasiveness of his answers and, of course, I remembered his answers and the chairman's questions. They were put in a frank, straightforward way and were entitled to a frank, straightforward answer. I said that when Swenson referred to "crooks and their sympathizers" he had in mind and meant Lewis, and meant to charge that, in his opinion, Lewis was a crook. I said that, although Swenson might disclaim that he had Lewis in mind, I would not believe him if he were to swear it until he was gray-headed. That is my opinion now.

MR. MCCOR: Swenson was asked the plain and straightforward question whether or not he intended the word "crook" to refer to Lewis. After repeated questioning and after he was given every opportunity to answer it, he still persisted in saying he did not have in mind any intention of branding Lewis as a "crook." I say now, as I said then, that I believe when he denied any such intention he committed willful and deliberate perjury. I said, and I repeat, that the matter ought to be called to the attention of the district attorney of this district, for such action as he may see fit to take when people are accused of perjury. I repeat, with emphasis, that I believe the witness committed deliberate and willful perjury. I have nothing to retract. I do not believe Mr. Britt ought to have put into the record a certificate of character of this man Swenson from Judge McPherson.

The contents and history of the eleventh indictment, in securing which Inspector Swenson was chiefly instrumental, are both interesting and instructive. It was first brought by the Federal grand jury as above noted, by still another suggestive coincidence, on

July 12, 1911, the very day of the opening of the congressional inquiry at Washington. That evening, the St. Louis newspapers scare-headed the amazing fact that a United States grand juror had sprung to his feet and requested permission of the court to enter formal protest against the methods by which the indictment had been procured. This juror, Eugene B. Stinde, was afterwards summoned before the Ashbrook Committee during its hearings at St. Louis. He was then questioned touching the newspaper report that when he came out of the grand jury room he had asked permission of the judge to speak. The judge had told him, it was said, if he really wanted to make a speech he would better hire a hall. It was reported that he did make a speech, nevertheless, stating that the grand jury was practically coerced into bringing the indictment.

Mr. Stinde testified that in July, 1911, on the very day the Ashbrook Committee began its investigation of the conduct of the Postoffice Department in the Lewis case, the grand jury of which he was a member found an indictment against Lewis. "We were asked," he said, "to bring in the indictment on that day. I would like to tell all that happened. I never have. I don't suppose I ever will be able to. I would like to tell the whole world about it. I have been compelled to keep silent, because my oath bound me. If the judge had not interrupted me, I would have told it all in the court room." The haste of the prosecuting officials to procure this first indictment is further evidenced by the fact that it was afterwards quashed by Judge Trieber, upon demurrer of defendant's counsel, on the ground that the law governing the summoning of veniremen by the United States marshal had not been observed.

DILLON, HALL, KING, SWENSON AND COMPANY.

The second indictment upon similar grounds was procured on February 12, 1912. An expert accountant had been engaged upon the books of the Lewis enterprises since the reorganization of April 11, 1911. He had been assisted from time to time by post-office inspectors. The names and addresses of purchasers of the seven per cent notes and preferred stock of the Lewis Publishing Company, and the six per cent notes, both secured and unsecured, of the University Heights company, had been obtained and circularized. Letters from investors had been removed from the files of both companies, for use as evidence, and for other purposes. A great drag net had been thrown out over the country by the inspectors, in an effort to procure witnesses willing to testify that they had been defrauded. The publisher of the Rural New Yorker, Mr. John J. Dillon, had been, (at least tacitly), encouraged to advertise for claims and complaints against the Lewis enterprises, and to submit these for the use of the prosecution. Two St. Louis attorneys, one of extremely dubious reputation, the other of no especial prominence, had been supported in bringing receivership pro-

ceedings against all of the Lewis enterprises. Meantime, the reorganization had been brought about. The bona fides of this effort was jointly attacked by the Rural New Yorker, Messrs. Hall and King, attorneys for the receivership, and the inspectors. Investors were told that the reorganization was a scheme, devised by Lewis in bad faith, to recover from the public the evidences of his indebtedness, and thus avoid criminal prosecution. They were advised, both by the Rural New Yorker and the inspectors, to place their claims in the hands of Attorneys Hall and King. Evidence of collusion between these avowed opponents of Lewis and the Federal authorities is overwhelming. Mr. Angert, in the course of his testimony before the Ashbrook Committee, referred to what he termed the interference of Inspector Swenson with the plans of reorganization. Swenson, according to Angert, worked in conjunction with Attorney Hall in an effort to induce the co-operation of a sufficient number of Lewis' creditors to force a Federal receivership. He said:

As further corroborative evidence that the information on which these receivership suits were based, was furnished by the inspectors, and that the Postoffice Department was in touch with Mr. Hall, who brought the suits, I have a letter that was given me by Cyrus Bucher of Astoria, Ill. This letter was written by Mr. Hall. An inspector had been sent to Astoria to inquire of Bucher regarding the secured notes he held for an investment of eleven thousand dollars in the University Heights mortgage on section five. Bucher said that the notes were in the bank. The inspector wanted to see them. Bucher took them from the bank and the inspector took one of them and asked permission to take it to St. Louis to show it to Mr. Swenson. This was done. The result was that Bucher followed the note to St. Louis and called on Swenson, who, to Bucher, thoroughly condemned the reorganization and induced him to believe that the only way he could get his money as to join with Hall, and not with the reorganization. Swenson took Bucher to the Missouri Trust building, where Hall's office is located, and left him at the door of the building, saying it would not be advisable for him to be seen going into Hall's office.

The letter written by Hall to Bucher shows the connection between Hall and Swenson. In this letter Hall says: "Everybody knows that it is better to have these claims in the hands of a court of equity, a court of conscience of the United States, than to trust them to E. G. Lewis and his agent, Mr. Williams, who is acting under a power of attorney. *This power of attorney we have seen, although the other side does not know that anyone has seen it.*" That power of attorney was executed in duplicate. There are only two copies. It has never been out of my possession, except a copy I gave to United States Attorney Houts. When this letter came into my possession I charged Mr. Houts with the fact that this power of attorney had been furnished to Mr. Hall. He told me he had given it to Mr. Swenson. Whether Swenson had given it to Hall, he said he did not know. But he didn't feel at all doubtful of the proposition that he had given it to him, and that they had been co-operating.

CHAIRMAN ASHBROOK: I would like to ask Mr. Britt, for information, whether Mr. Swenson, who sits behind him, is the inspector-in-charge in St. Louis?

MR. BRITT: No, sir; he is an inspector.

THE CHAIRMAN: This witness has impressed me as giving faithful, reliable evidence, and I want to say just a word to Mr. Britt, in whom I have the highest confidence. I believe if there is a man in the Post-

office Department, or the Government, who intends to be honest and conscientious and to do the right thing by everybody, it is Mr. Britt. With that faith in you, I want to say that I believe it is your duty to investigate the charges this witness has made against this man Swenson, and if you find they are true, to use your influence to have him removed from the service; because, if they are true, he is a dangerous man and isn't fit to be in the Government's employ.

THE RECEIVERSHIP PROCEEDINGS.

The bill of Attorneys Hall and King asking a receivership against all the Lewis enterprises, Lewis himself, his wife, his brother, the American Woman's League, the Art Museum Society, the St. Louis County Land and Title Company (in which Lewis happened to own a few shares of stock) and John H. Williams, controller for the reorganization, is a curiosity in the history of Federal jurisprudence. This unique document consists of one hundred and thirty-four typewritten pages, believed to be unparalleled for inanity and mendacity out of Bedlam.

The distress of the Lewis enterprises had thrown into the hands of reputable St. Louis attorneys considerable amounts of matured evidences of indebtedness. These attorneys, after conference with counsel for Lewis and the controller for the reorganization touching the existing status of affairs, had signified their willingness to allow the reorganization to take its course, in hope and belief that certain of the enterprises could be rehabilitated. Not so the authors of this remarkable bill in equity. Encouraged by the covert support of the Federal authorities, unmindful of the consequences to thousands of investors not represented by them, and to the prejudice of the true interests of their own clients (representing about two per cent of the total liabilities), these attorneys labored diligently to defeat the objects for which the reorganization was constituted. Their bill in equity purports to recite the history covered in the foregoing pages. It conveys a total misapprehension of nearly every essential issue. Misstatements and inaccuracies abound. It is even, in part, ungrammatical, almost to the point of illiteracy. From the standpoint of Federal jurisdiction, it is hopelessly vicious and faulty.

This unique pleading was presented in the United States district court to Judge David P. Dyer, who was elevated to the Federal bench by President Roosevelt shortly after bringing the second batch of indictments against Lewis and his associates while United States district attorney in 1907. A few weeks later appeared the following editorial in *Collier's Weekly*:

A judge in New York recently endeavored to let off, without punishment, a man convicted of robbery, although the prisoner had been found guilty several times before. The reason for the judge's sympathy was that a Tammany district leader had stepped into court at the psychological moment and made known his wishes to the gentleman who occupied the sacred seat of judgment. Take a long stride, now, muse, and descend upon a flourishing city near where the muddy Missouri adds its waters to its mighty brother, whereupon, together, as Father of Waters, they continue their majestic progress to the gulf. St. Louis has not yet ceased

to blush with shame and disappointment, since, a few weeks gone, Theodore Roosevelt, faithful Republican, with eager eye to retaining Missouri for the sacred party, appointed to the Federal bench a lawyer whose greatest reputation is for the non-payment of his debts. Too old for a judicial appointment, with no legal standing that could suggest such elevation, this unfortunate needed the place; Senator Warner recommended him. The President, ever ready to make political chess-men of the judiciary, took one more step to increase the number of unworthy judges in America. When Mr. Roosevelt's place in history is finally recorded, no glory will be added by the chapters which shall narrate the ruthless consistency with which he played his party game, to the greater degradation of a bench, his respect for which is Benjamin Harrison's worthiest memorial.

The character of counsel who brought suit for receivership against the Lewis enterprises may be inferred from the following facts. Attorney Claude D. Hall, leader in these proceedings, associated with himself one Judge S. H. King, whom he brought on from Oklahoma City, alleging that King had special knowledge of receivership matters. The court records of St. Louis county disclose in what this special knowledge of receivership questions consists. King first brought a suit in the United States court at St. Louis to throw a certain company into the hands of a receiver. His bill was dismissed two or three times. He then brought another suit in the State courts of St. Louis county. A receiver was appointed. King afterwards asked for an allowance of twenty-five thousand dollars for bringing this suit. An investigation of the case showed that the total assets of the company were only forty-four thousand dollars. The court, in its opinion, recited that because King's *entire appearance in the case was fraudulent and a deception upon the court*, no allowance should be made.

Judge Dyer, on receipt of the petition in the Lewis matter, averred his unwillingness to act individually, by reason of his previous activity in the Lewis cases while district attorney. So he summoned to sit jointly with him in this proceeding, Judge Smith McPherson, whose opinion denouncing the People's Bank has been, since 1905, a conspicuous feature of the literary campaign of the Postoffice Department throughout the Siege. It may be further observed that Judge McPherson then had pending, under advisement, a question of jurisdiction touching the libel suits of the People's Bank against Fulton and Goodwin, on the appeal of the bank to have the same remanded for trial in the State courts. This appeal had been taken in the fall of 1907. It had, therefore, been under advisement by the learned jurist more than three years. During this period, the defendants had, in consequence, been effectually shielded from prosecution.

On the arrival of Judge McPherson from his home in Red Oak, Ia., these two unprejudiced and disinterested jurists sustained the motion of Attorneys Hall and King, over protests of attorneys for the reorganization. They thus threw the properties of all the Lewis enterprises and the individuals mentioned in the bill, into the hands of a receiver. The sole exceptions were the American

Woman's League and the Art Museum Society, owner of the Art Institute of the League. The St. Louis Union Trust Company, one of the wealthiest and most responsible financial institutions of the entire Southwest, was appointed receiver. Upon inquiry by counsel for the trust company, it developed that the court had acted without jurisdiction, and that its order was unwarranted and illegal. The court, however, not only granted the receivership, but indulged through Judge McPherson, in a sweeping denunciation of Lewis and his enterprises. This took the form of further inapposite allusion to the Mississippi Bubble, in language similar to that employed in his previous characterization of the People's Bank.

The refusal of the St. Louis Union Trust Company to act as receiver, upon the ground that the court was without jurisdiction, placed their Honors in somewhat of a quandary. A temporary solution was arrived at by the appointment of Judge Matthew G. Reynolds, of counsel for the reorganization, as receiver. Since it is hoped that the entire relations of certain of the Federal judiciary to the Lewis enterprises (and especially the recent receivership proceedings) will be investigated at no distant date by the Judiciary Committee of the House of Representatives, with a view to such further action as may be deemed proper, comment as to this appointment is reserved. The controller for the reorganization, on advice of his attorneys, recognizing a receivership to be inevitable under the circumstances, came into court by agreement of counsel and presented new bills in such form as to make the receivership valid. The bill of attorneys Hall and King was then vacated. As a net result, all the Lewis enterprises are now in process of summary liquidation.

THE TWELFTH INDICTMENT.

The last indictment against Lewis was drawn upon the basis of evidence obtained by expert accountants from his books and papers and by the inspectors, under authority of the court, after the records were impounded by the receiver. The indictment was prepared by an expert from the office of the attorney-general at Washington, Oliver E. Pagin, who compiled the charges upon which the beef packers at Chicago, after a legal battle lasting many years, were eventually brought to trial. Pagin came on from Washington for this purpose and, presumably, to assist the district attorney and Inspector Swenson to force the voting of this "true bill" by the Federal grand jury. A large number of investors in the Lewis enterprises, from all over the United States, were subpoenaed as witnesses. A woman in Oregon, who advised the inspectors that she had no complaint to offer, and who declined to obey the summons, was arrested by the United States marshal in her district and compelled to appear at St. Louis. Persisting that she had never been defrauded, she was dismissed (after being detained several days in St. Louis) without having been accorded an opportunity to testify. Only those willing to accept the interpretation placed upon

Lewis' conduct by the inspectors were allowed to appear before the grand jury. Other witnesses were former employees of the Lewis enterprises, themselves concerned in the affairs under investigation, and aware that they would have been equally liable to indictment had they refused to turn State's evidence.

The manner in which the jury to try this indictment was impaneled has rarely, if ever, been paralleled. The United States attorney filed a formal motion asking that a jury be drawn from those portions of the eastern division of the Eastern District of Missouri, outside of St. Louis city and county. The motion that "the fifty good and lawful men who shall be drawn to serve as petit jurors in the trial of the case of the United States of America vs. Edward G. Lewis, be ordered selected from among those residing outside of the city of St. Louis and county of St. Louis," was based upon the confessed belief of the United States attorney that *all men in St. Louis city and St. Louis county are prejudiced in favor of Lewis and against the Government and postal officials*. Mr. Houts sets forth the claim in this most unique document that the hearings before the Ashbrook Committee in St. Louis and the reports of those hearings in the daily newspapers of St. Louis, together with the publications in which Lewis is interested, have "created among the citizens of St. Louis county and the city of St. Louis a prejudice in favor of the defendant (Lewis) and against the officers representing the United States." This prayer for protection of the sovereign power of the guardians of the Union against an irresponsible and "prejudiced" citizenship, was duly granted by the court. An order was issued summoning the fifty jurors from a section outside the pale of the alleged baleful influence.

The contents of the indictment itself have been reserved for final consideration, because they embrace a summary and review of practically all the financial transactions whereby Lewis sought to rehabilitate his ruined enterprises. All these are charged to have been designed with the criminal intent of procuring the money and property of investors by false and fraudulent misrepresentations sent through the United States mails. The indictment comprises four groups, of three counts each. Each of these groups would have constituted a separate bill under the old law. It therefore represents, in effect, four indictments in one.

One of these groups relates to the sale of the ten-months seven per cent mortgage notes of the Lewis Publishing Company, beginning on March 10, 1908, to the aggregate of six hundred thousand dollars. These purported to have been based on a mortgage of one hundred and fifty thousand dollars against the Woman's National Daily Building and a mortgage of four hundred and fifty thousand dollars against the Woman's Magazine Building. These counts also embrace the sale of additional unsecured notes of the Lewis Publishing Company, alleged to have been falsely misrepresented as having been secured. Another group of counts concerns

the sale of certain preferred stock of the Lewis Publishing Company in the fall and winter of 1908 and 1909. These allege the misrepresentations of the then existing status of the company's affairs. A third group has to do with the sale of certain six per cent notes of the University Heights Company. These counts allege misrepresentations touching the security for these notes. Some of these are alleged to have been falsely offered as being mortgage notes, though actually not thus secured. Other misrepresentations are alleged as to the purposes for which the funds thus obtained were intended. The fourth group touches upon the so-called Builders' Fund debentures, first offered for sale in an article called "The Solution," in the Woman's National Daily of July 27, 1910. The whole design of the debentures is charged in the indictment as having been criminally fraudulent from its inception.

THE THIRD TRIAL.

The session of Congress was drawing rapidly to a close. A presidential campaign was impending. An early report from the investigating committee was anticipated. The desirability, from the standpoint of the prosecution, of an early trial and a prompt conviction was only too apparent. Accordingly, every resource of the Postoffice Department and the Department of Justice was marshaled and brought to bear against the accused. A large number of the witnesses summoned before the grand jury were again subpoenaed, with the addition of numerous others. A small group of Lewis' most virulent critics among the women summoned were informally employed by the prosecuting attorneys and inspectors to assist in the preliminary weeding out and coaching of Government witnesses. All those unwilling, after argument by the prosecuting attorney, the inspectors and their aides among the witnesses themselves, to accept the interpretation placed upon Lewis' conduct by the indictment, were excluded from the stand.

The prosecution, having brought to St. Louis, out of the many thousands of investors in the Lewis enterprises, some fifty or sixty persons, thinking that they could be persuaded to accept the theory that Lewis is a criminal, culled from that number a handful of pitiful instances of distress due, in part, to loss of money invested in Lewis' enterprises. A deliberate effort to work upon the sympathies of the jury was manifest. The aged, the crippled, the widowed, the retired clergyman, in short, the special types of sufferers deemed best calculated to appeal to the emotions and prejudices of the jurors, were selected. All were carefully picked out with a view to the testimony that was required of them. The purport of their version of the facts was that they believed themselves to have been deceived and defrauded by Lewis' representations. A Government expert accountant was placed upon the stand, to show what purported to be the facts of record exhibited by the books of account of the Lewis enterprises. The former treasurer and secretary of the company, and also the former chairman of the board

of directors of the People's Savings Trust Company and chairman of the trustees of the American Woman's League, were likewise examined.

The theory of the prosecution was that Lewis had deliberately misrepresented the actual condition of his various enterprises for the purpose of borrowing money with which to forestall or postpone his inevitable ruin. More than an entire month was consumed by the prosecution. Somewhat less than half that length of time was taken by the defense. This is not the place in which to review the trial in its entirety. Suffice it to say that Lewis' defense consisted chiefly in his belief that his project for the building of a subway at St. Louis, and for the development of his University Heights properties as an ideal city beautiful, justified his representations touching the notes of the University Heights Company, and that the project of the American Woman's League similarly justified his representations touching the notes and preferred stock of the Lewis Publishing Company.

Other witnesses for the defense testified to the values of his real estate holdings and publications, and especially to the value of the American Woman's League as a magazine subscription agency. The whole story of the League, embracing all the activities of the People's University, was presented by many witnesses. The effects of the attacks of the Rural New Yorker were described by Lewis, by members of the headquarters organization, and by State Regents called in from the field. The jury was thus definitely advised of the nature of Lewis' activities and of the attacks made upon them. The last two days of the trial were devoted to the usual closing arguments of counsel. Eight hours were allotted to this purpose. The opening argument for the Government was made by Assistant United States Attorney Homer Hall. He was followed by Judge Shepard Barclay. Patrick H. Cullen then summed up for the defense. United States Attorney Charles A. Houts made the final plea for the Government.

THE COURT'S CHARGE AND ARGUMENT FOR THE PROSECUTION.

Judge Amidon then arose from the bench and made his way down from his rostrum, past the press table and jury box, and up into the witness stand. The chairs of the jurors, meantime, had been grouped before the witness stand at a more comfortable angle. The court then delivered a charge practically demanding the conviction of the defendant upon every count in the indictment. His Honor consumed two and three-quarters hours in his charge and argument for the prosecution. He analyzed in complete detail the entire indictment. He reviewed the testimony, drawing the attention of the jury to his recollection of what, in his opinion, constituted evidence pointing logically toward conviction. His Honor completely distanced the relatively feeble efforts of the United States attorney in his presentation of what he seemed to regard as the most damaging aspects of the Government's case. His

effort was masterly in the acumen of its logic and in the perspicuity of its comment and deduction. His Honor evidently had pre-determined the case and now strenuously sought to impress upon the jury the duty of finding a verdict corroborative of the court's opinion.

During the delivery of Judge Amidon's charge, one of the spectators was observed to catch the eye of a friend in the court room and then draw his finger significantly across his throat from ear to ear. This bit of pantomime symbolizes more eloquently than could any form of language, the impression produced by the court's remarks upon the minds of all present. A newspaper man was heard to remark as the jury was filing out of the courtroom at the close of the trial: "If a man had not heard Judge Amidon's argument for the prosecution he might not have known which side of the case he was really on."

The jury retired at the close of the judge's charge on the evening of Friday, April 12, at six o'clock. The general opinion about the court room was that it would either bring in promptly a verdict for conviction, in obedience to the judge's charge, or that there would be a mistrial. In view of the court's instructions to the jury, an acquittal was regarded as impossible. At 6:30, the jury, having found that an immediate verdict was out of the question, was taken to dinner. It then resumed its deliberations. At 10 o'clock, the jury was locked up for the night. All during Saturday, Sunday and Monday following, the deadlock continued. There was no word from the jury room. Finally, at three o'clock on Monday afternoon, the court sent for the jury. Accosting the foreman, His Honor desired to know if he could be of any further assistance to the jury in its deliberations. The foreman plainly responded in the negative. The official record of this incident is as follows:

THE COURT: Gentlemen, have you agreed upon a verdict? You may answer by your foreman.

THE FOREMAN: We have not.

THE COURT: Is there anything further that I can do for you to aid you in arriving at a verdict?

THE FOREMAN: No, sir.

THE COURT: Gentlemen of the jury—

MR. BARCLAY: Pardon me, your Honor, I didn't hear the answer of the foreman to your question.

THE COURT: He said, "No, sir."

Notwithstanding the attitude of the jury as voiced by its foreman, His Honor resumed his former position in the witness stand and devoted an additional hour and a half to a further review of the evidence and argument for a verdict of conviction. Thus, in all, the court consumed more time than counsel for either the defense or prosecution. His Honor's combined charge and argument fearfully weighted the scales of justice against the accused.

When the jury retired, conviction was generally deemed inevitable. At four o'clock, however, when, after notice to the court, the jury filed into the court room to make its final report, it was ap-

parent to all present that no verdict of conviction had been reached. The solemnity which such a finding is wont to impress upon the countenances of jurymen, was wholly lacking. On the contrary, as the defendant intently scanned the faces of the men in whose hands lay an issue so momentous, members of the jury were observed to catch his eye and smile. With this the defendant settled back in his chair with a long sigh of evident relief. The issue was not long in doubt. Asked by the court if the jury had agreed upon a verdict, the foreman responded that it had not. Asked if in his opinion, it was possible for the jurors to so agree, he replied, "No!" Asked if they concurred in their foreman's opinion, members of the jury assented vigorously. The court thereupon dismissed the jury. The trial was at an end.

The St. Louis Star, on the day following the delivery of Judge Amidon's second charge to the jury, commented editorially upon the court's apparent determination to force the jury to bring in a verdict of guilty. It said:

Such scenes as were witnessed in the Lewis trial have never before been enacted in a courtroom in St. Louis. Federal employees, anxious to please their superiors and hold their jobs, or get better ones, have resorted to every scandalous method to brow-beat witnesses, to exclude testimony, and to bring about a conviction. Nor was this eagerness less plain on the bench than on the part of the prosecuting officers and the machievellian manipulators behind the scenes. Attorneys of repute at the bar say they have never before witnessed such conduct or such unfairness in a United States court as was shown by Judge Amidon. With all the titanic forces of the Government wielded so desperately by vindictive and unfair officials, the fact that it was impossible to convict Mr. Lewis is the strongest possible testimony to his innocence of the charges brought against him.

Not content with showing animosity and prejudice during the entire course of the trial, Judge Amidon practically made an argument for the prosecution when he delivered his charge to the jury. This is not so apparent in a calm reading of the text of his charge, though that shows a strong leaning towards conviction. His manner was most significant. It was intended to impress the jury with the judge's own conviction of Mr. Lewis' guilt. Then, on Monday morning, after the jury had been out two days, and in spite of the fact that the foreman said no further advice was desired, he argued to the jury for more than an hour that it was its duty to bring in a verdict, and that such a verdict could be nothing else than a conviction. That this argument had no effect upon the final action of the jury does not lessen the gravity of this departure from strict judicial fairness.

There are enough men of high purpose, great legal attainments and strength of character to fill the Federal and State benches. It is not necessary to retain on them men who do not measure up to these standards. When a mistake is made in putting prejudiced men upon the bench, some other method than that of impeachment would at times be desirable for rectification of the error. Mr. Lewis has no interest in or control of this newspaper. What The Star has to say about the way this case has been handled by the prosecuting forces is dictated by a love of justice, and by knowledge of the details of the long persecution to which he has been subjected. This enables us to realize and understand its animus, vindictiveness and unscrupulous nature more fully, perhaps, than others have been able to do.

The close of Lewis' third trial brings the history of the Siege of University City down to the present. The last assault upon Lewis and his enterprises, embracing the receivership proceedings; the last indictment and the conduct of Federal Judge Amidon throughout the trial—especially his closing charge and argument for the prosecution—sets the capsheaf on that seven years' war by two Federal Administrations against a private citizen. There can be no impropriety in thus characterizing the Siege. The term "war" has repeatedly been applied to these proceedings upon the floor of the United States Senate. Senator William J. Stone of Missouri, has responded on more than one occasion, to Lewis' appeals for aid in his defense against the allied forces of State and Nation. On one occasion, in an address to the Senate, Mr. Stone said: "There is a citizen of my State, a publisher, a Mr. Lewis, whose case has become a celebrated one. For some reason the Postoffice Department has waged war upon him." We are now to sum up briefly, in concluding our story, the events of the five years since the exclusion of Lewis' publications from the mails, as told by him on the witness stand at his recent trial.

DELEND A EST CARTHAGO.

There is an old Roman story to the effect that the elder Cato, for many years, concluded every speech made by him in the Roman Senate with the phrase, "Delenda est Carthago;" Carthage must be blotted out! Says the Historian Florus: "Cato, with inexorable hatred, was accustomed to declare, even when another subject was the one under discussion, that Carthage must be destroyed."* Such appears to have been the policy of Cortelyou and his aides, especially Goodwin and Fulton. Such appears to have become the fixed policy of the Postoffice Department concerning Lewis and his enterprises. University City must be blotted out!

The sequel of the old Roman story is summed up in a phrase which has become a byword, eloquent of desolation, "Scipio mourned over the ruins of Carthage." The story goes on to relate how the ancient metropolis of northern Africa, mistress of the seas, proud, rich and populous, at the close of the third Punic War, was at last conquered by Rome. The inhabitants, by the hundreds of thousands, were put to the sword or sold into slavery. The city was razed. The very site was sown with salt in order that no green thing might spring up on the detested spot. The stern Roman conqueror, Scipio, gazing upon the smouldering ruins, seemed to read in them the fate of Rome, and, bursting into tears, sadly repeated the lines of Homer:

"The day shall come in which our sacred Troy
And Priam, and the people over whom
Spear-bearing Priam rules, shall perish all."

*"Cato, inexpiabili odio, delendam esse Carthaginem, et cum de alio consuleretur, pronun tiabat."

One might hope that even Cortelyou himself, who, like Cato of old, first espoused the policy "Delenda est Carthago" and his aides or their successors, in the execution of that policy, might be touched by a close view of the desolation they have caused. One could even imagine that Swenson, the postoffice inspector, who, like Scipio, bore the commission of leader in the final campaign which has resulted in the destruction of University City, might mourn over the ruin which his own hand has wrought.

Lewis at the conclusion of his recital to the congressional inquirers of the story of the People's Bank, made this impassioned declaration: "I am not today convinced, nor has the power of two Federal administrations,—backed by the power of the secret service of the Nation, the misrepresentations of a subsidized press, and the ex parte statements of judges and Department heads—convinced the people of the United States, that the People's United States Bank was a fraud. The blood of that bank will cry out to Heaven until this wrong is righted." The officials of the two past Republican Administrations by whom the destruction of University City has been encompassed, may well see in its ruin the image of their own fate, when the blood of the People's Bank and the Woman's Magazine shall be required of them, as Scipio saw, in the ruins of Carthage, a symbol of the fate of Rome.

We have seen, in the bright picture of World's Fair days, the Woman's Magazine, the People's Bank, the University Heights company, and all the other enterprises of University City, in the heyday of their great prosperity. We have witnessed the ravages of the first two years' campaign of bitter warfare. We have traced the story of the criminal prosecution, or persecution, of Lewis which ensued. In order that we may appreciate the full extent of the damage which the Siege has wrought, it now becomes necessary to review briefly the story of Lewis' last brilliant rally. We shall see that for a moment it seemed he would be successful. Came then the last assault of the Federal forces and their allies. Followed swiftly the final catastrophe and complete disaster.

The newspaper men, who commented upon the arraignment of Lewis by Judge Krum following the latter's unsuccessful cross-examination of Lewis at his first trial, remarked that the defendant was seemingly taking notes of the great prosecutor's argument. They observed, however, that he looked up and smiled strangely, now and again, when the denunciation of counsel for the Government became especially noisy. The expression of Lewis' countenance which puzzled newspaper men was due, he avers, to the circumstance that he was not, in fact, intent upon the argument of counsel, but was engaged in writing the initial prospectus of the American Woman's League. With characteristic optimism, Lewis was already anticipating his acquittal. No sooner had the evidence touching the destruction of his former enterprises been

submitted to the jury than his back was turned to the dead past and his mind became busy with problems of the living present and anticipated future. The nervous tension and mental exaltation generated in him during the great trial by the attrition of wits in the sword play of court, counsel and witnesses, had again brought him to a white heat of constructive imagination, similar to that in which he devised the People's Bank. This had resulted in one of those rare flashes of intuition, penetrating deeply into the heart of complex social and economic problems, which, like the ten-cent price of the Woman's Magazine, the purchase of the site of University City, and the recognition of the possibilities of the fibre stopper, are so characteristic of Lewis' genius.

THEORY OF THE LEAGUE.

Lewis unquestionably believed the American Woman's League would be the instrumentality which would work a solution of his financial and business problems and enable him to rehabilitate all his enterprises. But no man could then have been found in the United States to share with him this optimistic forecast. The greatest changes inimical to Lewis' interests had taken place in the publishing industry. The general tendency toward higher prices for all commodities, made notorious by the phrase "the increased cost of living," then began to be felt by the publishers of magazines. The cost of everything that entered into the making of a periodical began to increase. Prices were gradually raised by all publishers. Competition took on a keener edge. The periodicals sought to justify their increase in prices by attracting the best in mechanical, art and editorial values. The day of the cheap magazine had passed. The ten-cent-a-year subscription price of the Woman's Magazine, which had been in its time one of Lewis' most brilliant intuitions, was now a thing all but impossible. Lewis was called upon to face a new era in the publishing industry. The exclusive field which the Woman's Magazine had dominated as a leader of the mail order publications in the United States, was his no longer. What, then, was the course of reasoning by which he persuaded himself that he could overcome all these adverse conditions and resume his former place among the leading publishers of the world?

Lewis has told the story of the American Woman's League upon many occasions, but never more effectively than while on the witness stand during his latest, and, it is to be hoped, his final trial. Limitations of space forbid the reproduction of his testimony, but it may here be briefly summarized. Those who deny Lewis the tribute of admiration due his genius, should ponder thoughtfully the story of the American Woman's League. For here, once more, Lewis has projected one of his rare and penetrating glances of insight into the heart of an infinitely complex problem. He has perceived herein a true solution comparable to his former insights, the ten-cent-a-year price on the Woman's Magazine and the computa-

tion that six times one makes six, which led to the founding of University City.

The American Woman's League, in theory, solves two most complex and far-reaching problems; one economic, the other social and political. To American periodical publishers the League proposes an adequate solution of the problem of organizing a national subscription-gathering and subscription-renewing organization. To the vast mass of American women, now profoundly stirred by the vital touch of a new birth of freedom, it proposes an adequate means of securing the kind of education and training which alone can insure to them the proper use of their new-found liberties. All this it proposes to accomplish by a very simple process of co-operation, which rests upon a thoroughly sound and self-supporting economic basis. The evidence of the need of some such plan upon the part of both publishers and progressive women, respectively, is found in their immediate and eager response.* No phenomenon in recent American social history is of greater interest than the astonishingly rapid rise and development of the American Woman's League. It is improbable that any other voluntary social organization has ever enrolled an equal number of members within so brief a time. Certain it is that no secular organization of men or women ever entertained higher ideals, developed a spirit of devotion more loyal, or within the first few years of its existence accomplished a greater measure of social uplift. The achievements of the American Woman's League in membership, in revenue, in the creation of the People's University and the Art Institute at University City, and, above all, in its first convention of June 10-11, 1910, are believed to be unparalleled in the entire history of voluntary social organizations.

*The first group of publications to be associated with the American Woman's League consisted of the following well-known magazines, viz: EVERYBODY'S, COLLIER'S WEEKLY, DELINEATOR, SUCCESS MAGAZINE, FARM JOURNAL, AMERICAN BOY. Following are the Class "A" publishers subsequently associated with the League: ATLANTA, GA., Journal-Record of Medicine, Motor Era; BOSTON, MASS., Everyday Housekeeping, Modern Priscilla; BALTIMORE, MD., National Contractor and Builder, Progressive Stenographer; CHICAGO, American Educational Review, American Food Journal, Health and Happiness, Fine Arts Journal, Opportunity, Popular Electricity, Real Estate News, Technical World Magazine, Vegetarian Magazine, Western Review, Music News, Live Stock Journal, Modern Painter; CLEVELAND, Inland Grocer; CINCINNATI, Lancet Clinic; COLUMBUS, OHIO, Advertising World, Columbus Medical Journal; COOPERSTOWN, N. Y., American Motherhood, Table Talk; DALLAS, TEXAS, American Home Journal; DENVER, Daily Mining Record, Motor Field, Western World; DETROIT, American Boy, Beach's Magazine of Business, Gateway, Stellar Ray; ELGIN, ILL., Mothers' Magazine; FLORENCE, MASS., Home Needle work Magazine; HOLYOKE, MASS., Nautilus; JACKSONVILLE, FLA., Florida Review; LIBERTYVILLE, ILL., Sheldon's Business Philosopher and Salesmanship; LINCOLN, NEB., Campbell's Scientific Farmer; LISBON, N. D., North Dakota Farmer, Rotary, West land Educator; MEMPHIS, TENN., Men and Women; MINNEAPOLIS, Farm Stock and Home; MORGANTOWN, W. VA., West Virginia Farmer; NASHVILLE, TENN., Progressive Teacher, Taylor-Trotwood Magazine; NEW YORK, Amateur Sportsman, American City, House Beautiful, Housewife, International Studio, Illustrated Milliner, L'Art de la Mode, Metropolitan Magazine, Pearson's Magazine, Pictorial Review, Putnam's Magazine, Simmons Magazine, Success Magazine, Review of Reviews, Smart Set, Travel Magazine, Young's Magazine, Health Magazine; NIAGARA FALLS, N. Y., Aquarius; OKLAHOMA CITY, OELA., Sturm's Oklahoma Magazine; PASSAIC, N. J., Health Culture; PEOTONE, ILL., Poultry Magazine, Pigeons; PHILADELPHIA, Business America, Lippincott's Magazine, National League Barber, Stenographer; PORTLAND, ORE., Pacific Monthly; ST. LOUIS, American Paint and Oil Dealer; SALEM, MASS., Little Folks' Magazine; SAN FRANCISCO, Orchard and Farm, Sunset Magazine; SMETHPORT, PA., Boys' Magazine; TIME, PA., Paris Modes; WILMINGTON, DEL., New Amstel Magazine.

The essential basis of the American Woman's League is most simple. There are, throughout the United States, perhaps a half million clubs and other local voluntary organizations of women which have for their object individual and social betterment. The keynote of all their activities is co-operation. Their common ideal is advancement in culture for themselves and their communities. By way of contrast, it may be observed that the aggregate number of men's clubs of all descriptions is enormously greater, and that with some notable exceptions,—such as the Young Men's Christian Association, sundry religious organizations, and the like,—the principal purpose of these clubs is social recreation. Their accepted ideal is good fellowship. The presumption is very strong that if they were not convenient devices for evading or counteracting the rapidly increasing public sentiment against the sale and use of spirituous beverages, a majority of all the men's social clubs in existence would be disbanded. The contrast between the ideals of women's clubs in general and the lack of any such spiritual and moral quality in kindred organizations for men, serves to accentuate the disparity of their equipment. For the entire women's club movement of the United States has produced only a score or so of club houses, whereas the number of costly and elegant buildings devoted to men's social organizations throughout the United States is legion. In no respect is the injustice of the economic dependence of women more forcibly illustrated.

In projecting the American Woman's League, Lewis proposed that the members of women's organizations, and others, should unite for the purpose of acting as a subscription-gathering and renewing organization for a group of co-operating publishers of popular periodicals. Women are the principal readers of current literature. Most annual subscriptions to periodicals are made by women, rather than by the male members of their families. Most publishers operate through the mails upon a national scale. Each must organize some form of national subscription-getting machinery. The cost of circularization, already excessive, tends to become greater as the returns diminish through increase of competition. The process of advertising one periodical in the columns of another most often results in an exchange of subscribers among the periodicals concerned, rather than enlarges the actual number of readers. The only remaining method of collecting and renewing periodical subscriptions, namely the organization of a force of local representatives, is likewise limited, by the law of diminishing returns, to a small number of the largest and most profitable periodicals. In the absence of some such co-operative agency as that suggested by Lewis, the logical tendency of the periodical publishing business is thus toward monopoly. A very wealthy publisher can organize a national sales force of his own. One or more of his most prosperous competitors may be able to imitate his example. But the effect of this process obviously must be internecine com-

petition among the leading half-dozen publishers. The result must be that inducements, absolutely prohibitive to the owners of less prosperous periodicals, will soon be offered to agents for their services.

Lewis was the first to propose an arrangement whereby the women readers of periodicals in every locality should organize into a co-operative group and make themselves responsible for the subscription business of a corresponding co-operative group of publishers. He further proposed the principle of collective rewards as a substitute for that of individual compensation. This, indeed, is the essential principle of the American Woman's League. At present, publishers are accustomed to compensate their subscribers and agents by means of premiums, or by cash commissions. The expense varies from twenty-five to fifty per cent of the subscription price. The cost of maintaining the subscription-getting department of the periodical at headquarters is also considerable. The expense of circularization, clerk hire and supervision is great. Many losses result from ineffective circulation efforts. The total often equals or exceeds the publisher's entire subscription revenue. The statements of publishers as to the amount of their net subscription revenue varies widely. They are largely a matter of book-keeping. But it is generally conceded that the subscription department of a periodical is an actual expense rather than a source of profit. The principal, if not the only, source of net income, in most cases, is the advertising revenue.

Lewis proposed that the American Woman's League should gather the subscription revenue of the co-operative publishers on a fifty per cent net cash basis. The effect of the plan, if carried to its logical consummation—if, in other words, the League could collect for any publisher an adequate number of subscribers without other effort on his part—would be to furnish him a substantial subscription revenue upon a most acceptable basis of profit. Lewis pointed out to the members of the League, upon the other hand, that the gross subscription revenue of publishers in the United States is approximately one dollar per capita, per annum, or in excess of fifty millions of dollars. Under the League plan, one-half of this revenue, or of such part of it as the members of the League could collectively gather up, would be available as gross revenue for the purposes of that organization. He proposed to the publishers and members jointly that the total of the subscription revenue collected by members should be remitted to League headquarters. Thereupon the publishers' half was to be remitted to them with the subscription orders. The remainder was to be placed in a general fund as a collective reward to the organization for the service of its members. Such was the plan eventually agreed upon and adopted.

The profits of the League were then to be placed at the disposal of its members for such purposes as they might, through their own elective representatives, approve. He accordingly caused the mem-

bers to be organized into local chapters. Each chapter had the right to elect officials who could be consulted touching the sentiment in their respective communities. Subsequently, he caused the election of State representatives, known as Regents. These could be consulted by mail as to the desires of their constituencies. They could also be called into consultation at University City. Finally, a convention of delegates was called at University City on June 10-11, 1910. This was attended by approximately one thousand delegates, representing an equal number of organized chapters. Nearly three times that number of individual members also gathered at University City on that occasion from all parts of the United States. These came at their own expense. The assemblage of delegates and members at the two principal sessions of the convention in the great theatre at Delmar Garden, photographs of which will be found elsewhere in this volume, is perhaps the most remarkable demonstration of the power of organized womanhood of which there is any record. This is the gathering contemptuously alluded to in a lengthy news article doctored up by a local newspaper and widely distributed throughout America as an "Hurrah for Lewis meeting recently held in this city." It was, in fact, a splendid tribute to Lewis' genius as an organizer, and to his personality as a man and leader. But it was far more than that. The attentive reader will not have lost sight of the fact that Lewis at this time had not only been branded with a fraud order, but had been indicted no fewer than ten times at the behest of the Federal authorities. Yet Joseph W. Folk, who was governor of Missouri when the fraud order against Lewis and the People's Bank was issued, speaking on this occasion, remarked:

I welcome you to this State that has within its borders such a city as the metropolis of St. Louis. I welcome you to a commonwealth that has within its boundaries the dream city, the city ideal—University City. I believe if this convention had its way the name of this city ideal would be changed to "Saint Lewis." This city is founded, some say, upon a dream. Yet you see around you, as the result of that dream, these beautiful buildings. It is not so far to a realization of the hopes Mr. Lewis has for the future as he has already progressed. Founded upon a dream! Yes, this Republic itself was founded upon a dream—the dream of liberty in the hearts of the people—the ideals and dreams of the life of a free people!

Mayor Kreismann of St. Louis welcomed the visiting members with appropriate words. Governor Hadley, of Missouri, who was unable to be present, sent the address which he had prepared, to be read by one of his associates. Representatives of Lewis' brother publishers associated with the American Woman's League occupied the platform. They joined with him in the addresses and ceremonies befitting the occasion. A copy of the testimonial tendered by these publishers to Lewis, and photographs of sundry trophies presented to him at this convention, appear among the illustrations of this volume. The whole substance and spirit of this occasion testified to the appreciation in which Lewis is held by all

who have a true comprehension of the tendency of his ideals and labors.

THE REAL E. G. LEWIS.

No such body of representative women as the first convention of the American Woman's League was ever assembled in any other place at any time in the world's history. In numbers, in the intelligence and ethical standards of its personnel, and in the loyalty of their common devotion to a great ideal, this gathering is believed to be a unique phenomenon. The leadership of Lewis in these activities is indeed a tribute to his genius, but the movement, which thus rallied under his leadership, transcends his personality or that of any individual. It embraces the noblest ideals and aspirations of the womanhood of America. In his lecture on Shakespeare, in "Representative Men," Emerson remarks:

Great men are more distinguished by range and extent than by originality. If we require the originality which consists in weaving, like a spider, their web from their own bowels; in finding clay and making bricks and building the house; no great man is original. Nor does valuable originality consist in unlikeness to other men. The hero is in the press of Knights and the thick of events; and seeing what men want and sharing their desire, he adds the needful length of sight and of arm, to come at the desired point. The greatest genius is the most indebted man. . . .

The Genius of our life is jealous of individuals, and will not have any individual great, except through the general. There is no choice to genius. A great man does not wake up on some fine morning and say, "I am full of life, I will go to sea and find an Antarctic continent; today I will square the circle: I will ransack botany and find a new food for man: I have a new architect in my mind: I foresee a new mechanic power;" no, but he finds himself in the river of the thoughts and events, forced onward by the ideas and necessities of his contemporaries. He stands where all the eyes of men look one way, and their hands all point in the direction in which he should go. The Church has reared him amidst rites and pomps, and he carries out the advice which her music gave him, and builds a cathedral needed by her chants and processions. He finds a war raging; it educates him, by trumpets, in barracks, and he betters the instruction. . . .

Every master has found his materials collected, and his power lay in his sympathy with his people and in his love for the materials he wrought in. What an economy of power! and what a compensation for the shortness of life! All is done to his hand. The world has brought him thus far on his way. The human race has gone out before him, sunk the drills, filled the hollows and bridged the rivers. Men, nations, poets, artisans, women, all have worked for him, and he enters into their labors. Choose any other thing, out of the line of tendency, out of the national feeling and history, and he would have all to do for himself: his powers would be expended in the first preparations.

By this reckoning Lewis is a true genius, and deserves to rank among the most heroic figures of the present day. The conditions in the publishing industry, growing out of the passage of the law of 1879, made it possible for Lewis to supply two millions of families with the clean, wholesome, little Woman's Magazine at ten cents a year. Yet these conditions were not of Lewis' creation. His genius

was manifested in the insight needful to avail himself of the state of affairs which made this achievement possible. The ridge along either side of the old Bonhomme Road was doubtless as slightly, and as beautiful, when the first French settlers blazed their trail upon it, as when Lewis selected it as the site of University City. It was his genius which foresaw that the city of St. Louis must shortly gather these open fields within her extended arms and embrace them as the site of her choicest homes. Lewis alone foresaw that he had only to plant a city upon this special hill, near St. Louis, and that the travail of every woman within her borders would infallibly work to enrich all who were associated therein. The necessity of some better means of forwarding small remittances, growing out of the great mail order industry, and other conditions which gave rise to the People's Bank, were not of Lewis' creation. Yet, by the insight of true genius, he added the "needful length of sight and of arm" to accomplish that on which the eyes of multitudes rested impotently. Emerson has also said that if a man will but build a better mouse trap than his neighbors, men will find him out, although they must beat a path through the woods to his door. The fact that Lewis brought to the west bank of the Mississippi River the publishers of more than one hundred representative American periodicals, great numbers of educators, artists and special writers, and more than four thousand representative American women upon a single occasion—besides countless multitudes of individual visitors and groups of delegates,—is probative, unless humanity has suddenly gone mad, of a personality far different to that of the get-rich-quick schemer depicted by his opponents.

There is still a little group of Government officials and post-office inspectors and informers who cherish the delusion that Lewis is a sort of hypnotist. They profess the belief that, by his plausible words and adroit arts of corruption, he has beguiled and deceived the scores of fellow publishers, educators, artists, writers, bankers, lawyers and business men with whom he has transacted business. They aver that the hundreds of bright, capable men and women associated with him as employees have never found him out. They declare that thousands of American men and women who have followed him loyally through disaster as well as through prosperity, have been cruelly deluded. Lewis, in their opinion, has successfully concealed from all the world but themselves his essential crookedness. Such a theory, it must be frankly said, is utterly untenable.

Upon the one side stand the informers, Nichols and Parshall; the irresponsible editor, Reedy; the postoffice inspectors and their superiors at Washington, who have sustained them, largely "for the good of the service," right or wrong, in whatever measures they deemed best to take. On that side are the political spoilsmen of the Republican Administration of Missouri who sought, in the

opinion of the St. Louis press, to loot the People's Bank to pay their political debts. On that side, it must be admitted to their everlasting shame, are found, in the words of Secretary of State Swanger, the Republican Administration of State and Nation, from the President down. Upon the other, are the citizens of the city of St. Louis and of St. Louis county who, on the admission of the present United States attorney at St. Louis, indorsed by the Federal court, are prejudiced in favor of Lewis and against the officials of the Government itself. In solid array behind Lewis' neighbors and fellow citizens stand the masses, numbered by the hundreds of thousands and millions, whom neither the Administration nor the hostile newspapers have been able to convince that Lewis ever entertained the conscious purpose of defrauding anybody. On the contrary, these regard him as a genius of high order, and the victim of an unrighteous and intolerable persecution. With exceptions here and there,—due to misapprehension of the true facts brought about through prejudiced and interested channels,—the women of America, and to a very great extent their husbands, sons and brothers, regard the Woman's Magazine, the American Woman's League, the People's Bank and University City, itself, as sufficient evidence that the real E. G. Lewis is a man far removed from the get-rich-quick schemer the Administration would fain have them believe him. The story of the last five years, in which the American Woman's League stands out as the central feature, when fully told, will dissipate forever the prejudice which attaches to Lewis' name. The final record will cause him to take high rank among the benefactors of mankind.

THE PEOPLE'S UNIVERSITY.

The growth and development of the American Woman's League was truly phenomenal. It was first launched, as we know, immediately after Lewis' first trial in November, 1907. Its revenues for the year 1908 were seventy-five thousand dollars; for 1909, six hundred thousand dollars and for 1910, one million, two hundred and fifty thousand dollars. The convention marked the height of the League's prosperity. Came then the last assault of the Federal forces and their allies, directed, not against Lewis himself, but against the People's University and the American Woman's League.

Early in the history of the League the members made known their preference for educational opportunities for themselves and their children over any other form of rewards that could be offered. Lewis accordingly devoted the net revenues of the League primarily to the founding and development of the People's University. Next after the educational advantages the members expressed their preference for local club houses. Provision was therefore made for the erection of the attractive little buildings known as chapter houses, upon conditions varying with the size of the communities and the activity of the local membership. Approximately

forty such club houses were constructed, a total far in excess of the number of club houses previously erected by the entire women's club movement of the United States.

The People's University, after nearly two years of preliminary organization, opened its classes in October, 1910. Prior to the reorganization of April 11, 1911, a total enrollment in excess of fifty thousand applications for individual courses of study had been recorded. By the terms of the League plan, all members and their minor children were entitled to instruction in any course or courses of study offered by the People's University, without charges for tuition. All instruction was given by correspondence, with one exception. Students of especial talent in certain courses were invited to University City for a period of attendance as honor students, under the personal instruction of the masters. All the expenses of such students were a charge upon the League fund.

Instruction by correspondence demands text matter expressly adapted to that purpose. To avoid the delay that would have been caused by the preparation of such texts, and to escape the investment of too large a portion of the League's funds in the needful manuscripts and plates, the management of the League early adopted the principle of inviting recognized institutions of learning to join in its work by affiliation with the People's University. Such arrangements were consummated, in the fall and winter of 1910, with several well known institutions. Among these were the Home Correspondence School of Springfield, Mass.; The Quinn-Campbell Conservatory of Music, Chicago; The American School of Home Economics, Chicago; The New York School of Automobile Engineering; The Women's College of Scientific Dressmaking, La Crosse, Wis.; The Root School of Apiculture, Medina, Ohio; and subsequently the Chicago Kindergarten College. The effect of these affiliations was to make immediately available to the members of the League and their minor children a large number of the best and most practical correspondence courses of instruction now offered in the United States. The commercial value of these courses, at their regular cash rates, such as are required of all persons not members of the League, would aggregate over one thousand dollars. Of course not every member of the League would wish to avail herself of all these various branches of instruction, nor could she do so successfully. Yet all were free to enroll for as many courses of study as they saw fit.

In addition to its contracts of affiliation, the People's University organized and operated its own correspondence courses in the fine arts and crafts through the faculty of the Art Institute at University City. These courses embraced a complete School of Ceramic Art, besides instruction in Sculpture, in Drawing and Painting, and in many other branches. The faculty of the Art Institute was of exceptional strength. George Julian Zolnay, Dean and Director, is a sculptor of international reputation. John H. Vanderpoel,

Director of the School of Painting, now deceased, was formerly for thirty years the foremost instructor in the Art Institute at Chicago. His great book, "The Painting of the Human Figure" is recognized as the standard authority of the world on that subject. His reputation as instructor was second to none. Taxile Doat, Director of the School of Ceramic Art, was formerly chief ceramic decorator in the Government Pottery at Sevres, France. Doat's reputation is world-wide. Associated with Doat was Mrs. Adelaide Alsop-Robineau, the foremost living American ceramic artist. Other members of the faculty of the School of Ceramic Art were Frederick H. Rhead, Instructor in Pottery, and Mrs. Kathryn E. Cherry, Instructor in China Decoration. The last mentioned course was especially popular among League members. Extraordinarily excellent results were secured by the correspondence method. Examples both of the grand feu ceramics and of the overglaze decoration from the kilns of the Art Institute at University City appear in half-tone elsewhere in these pages. The People's University also had in process of organization complete Schools of Education, of Languages, of Commerce and Administration, of Journalism, of Photography, and others.

The commercial activities of the League in gathering the magazine subscription business of the various communities were in themselves an extremely interesting and profitable experience to members. The educational and cultural advantages, thus carried by the mails into the remotest rural neighborhoods, and there placed at the disposal of persons who could by no other means have availed themselves of such privileges, were eagerly, almost greedily, welcomed. The appreciation of these advantages shown by League members and their children was truly pathetic. Only those who came into close touch with the students of the People's University can realize the essential altruism of the entire League movement, or the extremely valuable nature of its contribution to the cause of popular education.

THE LAST ASSAULT.

The first attack in the last assault upon the Lewis enterprises was made in the columns of the Rural New Yorker. This was directed against the People's University. It took the form of an article asserting, in substance, that the members of the faculties of certain schools affiliated with the People's University were not, in fact, giving instruction to members of the American Woman's League, as represented. The inference was suggested that the People's University was, in effect, a blind to conceal the alleged nefarious character of Lewis' undertakings. In May, 1911, the publishers of the Rural New Yorker were brought to book in the Circuit Court of St. Louis county at Clayton, Missouri, and aggregate damages of thirty thousand dollars were assessed against them. This attack was thus branded as a malicious and totally unfounded libel. Meantime, its effects had been far-reaching and disastrous. Marked

copies of the Rural New Yorker, containing this libelous matter, were forwarded by the publishers to the officers of all the local chapters of the League. Many others whose names appeared in the columns of the Woman's National Daily as being in attendance at the convention, were similarly favored. Copies also were mailed to members of the faculty of the People's University. Still others went to advertisers in the Lewis publications. Copies, in short, were dispatched on their mission of devastation to every quarter where the publishers believed that injury to Lewis and his enterprises would result.

Complaints against the Lewis enterprises were solicited by this periodical. Its columns were thrown open to disgruntled persons as a medium of publicity. No voluntary association ever existed which did not number among its members individuals who, from motives of thwarted ambition, love of notoriety, envy, jealousy, or what not, found themselves out of sympathy with the desires and wishes of the controlling majority. A half dozen such members of the American Woman's League eagerly seized upon the opportunity afforded by the Rural New Yorker to air their grievances and arrayed themselves with that publication in an effort to disrupt the organization. A small number of claims of dissatisfied investors in the Lewis enterprises were received by the Rural New Yorker. These the publishers referred to the Postoffice Department at Washington. Next they were placed in the hands of Attorney Claude D. Hall, of St. Louis. Notwithstanding the fact that these claims aggregated less than two per cent of the outstanding indebtedness of the Lewis enterprises, Attorney Hall, as we have seen, proceeded,—largely upon the basis of information furnished by the Rural New Yorker and the group of disgruntled League members, acting with and through that periodical,—to draft the unique bill in equity by means of which all the Lewis enterprises were eventually thrown into a receivership.

Meantime, appeared at St. Louis Postoffice Inspector Swenson. Followed the unique and amazing spectacle of a branch of the Government service placed, in effect, at the disposal of a local attorney in private practice for the purpose of co-operating in securing claims for collection at the usual rate of ten per cent by means of receivership proceedings in a Federal court. Swenson testified that the entire postoffice inspection service was at his disposal for the investigation of the Lewis enterprises. The evidence of collusion between Swenson and Hall is overwhelming. It is only too apparent that the allied forces of the Rural New Yorker, Attorney Hall and the postoffice inspectors co-operated in a joint campaign to discredit the proposed reorganization of the Lewis enterprises. By this reorganization it was believed substantial equities could have been realized to the investors and some of the enterprises themselves rehabilitated and placed upon a sound financial footing.

The effect of this adverse publicity and agitation was to revive public interest in the charges formerly bruited abroad by the Department in connection with the People's Bank and the alleged fraudulent mailings of the Woman's Magazine. The whole story, which had reposed for years in the morgues of newspapers throughout the United States, was again hashed over and reprinted. New stories, involving Lewis' entire history according to the biography of Nichols, were concocted by hostile newspapers in St. Louis, and spread abroad. National publicity was given to the latest indictment of Lewis, and to the receivership proceedings. Finally, since there seemed to be no grounds on which the Postoffice Department could issue a third memorandum by the postmaster-general, the entire case of the Department against Lewis and his enterprises was prepared from the official sources with which the reader is now familiar, including the columns of the Rural New Yorker. The whole was embodied in a speech delivered by Senator Theodore E. Burton of Ohio upon the floor of the United States Senate. This speech was promptly printed, ostensibly as a public document, and sent, under the senator's frank, broadcast throughout the United States, to substantially the same list of persons who had received marked copies of the Rural New Yorker. A more gross and glaring instance of collusion between the officials of Government and private individuals, actuated by sordid and mercenary motives in the destruction of a meritorious enterprise, could hardly be imagined. The policy, "*Delenda est Carthago*," evidently was in full force and effect.

THE CONGRESSIONAL INQUIRY.

Meantime, the seven years agitation of Lewis and his friends for a congressional inquiry at last bore fruit. The Sixty-second Congress, by a change of the political complexion of the United States, was decisively Democratic. On June 13, 1910, Congressman Richard Bartholdt of Missouri had introduced House Bill No. 26,799, providing for the indemnification of the Lewis Publishing Company for its losses throughout the Siege. In support of this measure former Third Assistant Madden, who had, meantime, been retained by Lewis as attorney-in-fact to present the case of the Lewis Publishing Company to Congress and to the Court of Claims, memorialized Congress with a document reciting in full the company's grievances. Action upon this bill was thwarted by the response to Congress of Postmaster-General Hitchcock. This took the form of a lengthy document, the effect of which was to becloud the issue.

Again, General Madden memorialized Congress, on April 12, 1911, with a pamphlet entitled, "*A Chapter From the United States Government's Shame*." This revealed certain facts touching the efforts of the company to recover about thirty-two thousand dollars, alleged to have been unlawfully extorted as so-called excess postage. The attention of Congress thus having been pointedly drawn to the

Lewis case, a resolution was passed by the House of Representatives authorizing its Committee on Postoffice Expenditures to make an investigation of the conduct of the Postoffice Department. The purport of this resolution was sufficiently broad to embrace, among others, the case of the Lewis Publishing Company. Lewis was accordingly invited by Chairman Ashbrook of that committee to submit a formal bill of complaint. This was done through General Madden. Almost continuous sessions of the committee were held at Washington from July 12 to August 21, 1911. The committee resumed its sessions on November 9, 1911, at the Hotel Jefferson, St. Louis, for the convenience of residents of that city. An adjournment was taken on November 17 and the sessions were resumed at Washington on April 29, 1912, where they were again continued until May 4. In all, more than two months of working time have been devoted to investigation of the complaints of the Lewis Publishing Company and the People's Bank. Upwards of one hundred witnesses have been examined. More than four thousand pages of printed testimony have been recorded. It is believed that practically the entire history of the conduct of the Postoffice Department in these matters has now been spread upon the pages of the official record. The frequent reference to the Ashbrook Hearings, and occasional excerpts already quoted, will have given the reader a considerable insight into the character and scope of this inquiry.

The hearings were suspended during Lewis' recent trial at St. Louis. Shortly thereafter they were brought to a close by the agreement of counsel to complete the record by the insertion of the entire testimony recently taken in the Federal court at St. Louis. Thus the congressional inquiry has now been concluded, except for Lewis' rebuttal and the arguments of opposing counsel. The committee has announced the intention of deferring its final report until the second session of the Sixty-second Congress. This action is presumed to have been taken upon the ground that the pendency of a presidential election might cast upon a report submitted at this time the suspicion of political bias. Such a handicap might detract from the force of the recommendations touching the fraud order process, and other remedial postal legislation which it is commonly believed the report will recommend. The committee is thought to be unanimous in recognizing the need of reform. The views of individual members as to the equities of the case, and as to Lewis' personality, cannot of course be definitely ascertained until its report is made public. It is assumed to be the intention of the committee to refer the claims of the People's Bank and Lewis Publishing Company for final adjudication to the Court of Claims. Its general sentiment is believed to be expressed, and that of a majority certainly may be inferred, from the following statement of the chairman, Hon. William A. Ashbrook of Ohio. At the close of the final hearing at Washington on May 4, 1912, Mr. Ashbrook said:

We will close this hearing with some feeling of regret, because it means a separation of those with whom we have been associated and of whom, personally, I have grown very fond. I have learned to know Mr. Britt and to admire and respect him. As one member of this committee, I want to express the belief that he has at no time done anything except that which he regarded as his duty. Mr. Lewis is one of the most remarkable men I have ever known. I believe the result of the hearings will be beneficial to him, to the Postoffice Department, and to all concerned.

We all appreciate the fact that these differences have grown up during a long controversy. I might suggest to Mr. Lewis that, in my opinion, it will serve no useful purpose to further continue the attack upon the Postoffice Department. Whether certain officials have done things that were not proper for them to do, or not, I do not want to discuss at this time. At any rate, you, Mr. Lewis, now want to go forward and rebuild your businesses. I hope you may succeed. I want to say, personally and for the record, that while you may have done, and doubtless have done, many indiscreet things, I do not know wherein you have done anything with intent to do wrong or to defraud. I hope you will now have the opportunity to show the Postoffice Department and the many thousands of people who have confidence in you, that you have but one intent, and that is to do right. I hope that you will be able to restore to these investors, at least in part, the money they have entrusted to you. I assure you that this committee has intended at all times to be fair and impartial. We have had no partisan purpose. We shall reach our final conclusion without bias.

THE RAVAGES OF WAR.

In fine, the reader is invited to ponder well the contrast between the status of affairs at University City on the occasion of the convention of the American Woman's League in June, 1910, and the present time. Especial attention is drawn to the fact that Lewis' efforts for the rehabilitation of his enterprises, and also the efforts to that end of his brother-publishers through the Reorganization of April 11, 1911, have been thwarted by the receivership proceedings in the Federal courts. At the time of the convention the League was in the heyday of its prosperity. Prior to the publication of the first attack upon the People's University in the *Rural New Yorker*, there appeared every reason to suppose that the subscription season beginning in September, 1910, would produce a volume of revenue for the Lewis publications which would enable them to overcome the financial distress suffered continuously since the withdrawal of second-class entry in 1907. The League was the key-stone in the arch of Lewis' efforts to rehabilitate his enterprises. The assets of his various companies were thought by him adequate to meet all his liabilities. He was convinced this would be possible if the element of time could be projected into his affairs. To this end he devised, in the summer of 1911, a plan for refunding his indebtedness. He proposed to issue, in exchange for his outstanding liabilities, his personal debenture notes, running for a term of years. This plan was accepted by the investors as being in good faith. It seemed destined to accomplish the intended result. It was thwarted by the loss of confidence resulting from the last assault of the Federal authorities and their allies.

The effect of that assault was to virtually paralyze the League.

It became evident early in the fall of 1910, that the subscription revenues of the Lewis Publishing Company from that organization would be inadequate. The last prop having thus been struck from under the company, its four monthly periodicals—the Woman's Magazine, the Woman's Farm Journal, Beautiful Homes, and Palette and Bench, a newly acquired art journal—suspended publication and were combined with the Woman's National Daily. Still later it became necessary to reduce the frequency of issue of that periodical. It thus gave place to the Woman's National Weekly, as now published. Then came the decree of the Federal courts throwing the company into bankruptcy and the affiliated institutions into the hands of a receiver.

The sacrifice of values to investors resulting from these ill-advised and injurious proceedings has been, and is destined to be, most pitiful. The remaining portions in sections one, two and three, constituting the original eighty-five acres, have already been forced upon the market. They realized at the receiver's sale a mere fraction of their value. The holders of first mortgage notes on these sections will receive less than twenty-five per cent on their investment. Other sections are likely to suffer a still greater sacrifice. The especially designed buildings of the Lewis Publishing Company are nearly as valueless for other uses as a great cathedral might be if condemned to be sold for other than devotional purposes. They are worth hardly as much as the ground upon which they stand, since the cost of their removal would be a tax upon a purchaser of the site. The same rule applies to their special equipment of printing machinery. The two plants of the Lewis Publishing Company are among the most notable of their kind in the world. Yet they are of little value except to the company itself as a going concern at its former location. The whole seems likely to be sacrificed under the hammer, at the behest of the Federal court, for a title of its cost and value. The usual wastes attendant upon receivership proceedings is apparent upon every hand. The contrast between this plight and the happy, prosperous World's Fair days before the postoffice inspectors, unhappily, set foot in University City, is most striking. Hardly less marked is the contrast between the effect of winding up these institutions by receivership proceedings and the plans whereby the Publishers' Committee of Reorganization had contemplated their refinancing and rehabilitation.

The Siege of University City has lasted seven years. It has consisted of an almost constant campaign of investigations, fraud orders, indictments, criminal and civil suits and receivership proceedings. The whole has been given Nation-wide notoriety, both in the public press and in official documents distributed broadcast at public expense. The constituted authorities have been aided and abetted at every step by Lewis' business rivals and allied interests. Yet less than two per cent of those associated with him in his en-

terprises, either as creditors or as investors, could be induced to join in the last assault. The history of the Siege must stand out, for all time, as a monument to the menace of arbitrary power. The officials whose pernicious activity has caused this appalling loss are financially irresponsible. The attitude of Judge Smith McPherson in holding under advisement, over a period of three years, a libel suit against two of them, shows that it is practically impossible to bring them to book through the machinery of the courts of justice. Moreover, damages, if assessed against them, could not be collected. Their entire personal resources would be the merest fraction of the losses which they have caused. It is assuredly high time that the power of petty officials to wreck and ruin business enterprises by arbitrary rulings, which no American court can review, should be curbed by suitable legislation.

A brief summary of the total losses incurred during the Siege will demonstrate conclusively this point. The People's United States Bank, according to the statement of Receiver Essen to the court, had in round figures, one and a quarter millions of dollars cash on deposit with other banks, and one million dollars in first mortgage loans, Government bonds and similar assets. Its total liabilities, exclusive of capital stock, were about three hundred and seventy-five thousand dollars of deposits. Its present resources consist of less than sixty thousand dollars. These are in the form of five thousand dollars cash and (mirabile dictu!) a judgment against the State of Missouri for the costs of the receivership proceedings. The loss in liquidation was approximately three hundred and fifty thousand dollars. The Lewis Publishing Company, on January 31, 1906, was the owner of total assets exceeding three and a half millions of dollars.* Nearly one and a half millions of this vast amount were in cash or its equivalent. Its entire liabilities, exclusive of capital stock, were thirty-two thousand dollars, or less than one per cent of its assets. The earnings of the company prior to the commencement of the Siege had been at the rate of approximately a quarter of a million dollars a year. Its only present assets are its buildings and printing machinery. These are appraised by the experts employed by the present receiver at approximately four hundred thousand dollars. The company's present

*Financial condition of The Lewis Publishing Company on January 31, 1906:

ASSETS.		TOTAL LIABILITIES.	
Cash in bank.....		(Not including capital stock)	
Bonds	\$ 119,811.15		\$32,333.75.
Money at interest on call and time loans and bills receiv- able	1,000.45		
Accts. receivable.....	1,224,356.00		
Buildings and real estate.....	219,706.75		
Machinery and equipment.....	479,937.69		
Paper stock	205,346.21		
Woman's Magazine	16,727.26		
Woman's Farm Journal.....	1,000,000.00		
	250,000.00		
	<hr/>		
	\$3,515,885.49		

indebtedness exceeds that amount by nearly one million dollars. The total real estate holdings of the University Heights company on January 1, 1906, were appraised in round figures at three millions. Its liabilities, exclusive of capital stock, were approximately eight hundred thousand dollars. At present, the real estate assets of this concern are appraised at slightly over one million. Its indebtedness is nearly two millions. The combined assets of the Lewis Publishing Company and University Heights company at the beginning of the Siege were in round figures six and a half millions. Their present combined deficit is about two millions. Eight and a half million dollars of tangible property values have been destroyed! In addition to these actual losses is the deprivation to the owners, of the prospective and potential values from the People's United States Bank, and Lewis Publishing Company as going concerns and, especially, of the enormous increments in value to the real estate holdings of the University Heights company, which must have resulted from the University City Improvement plan and the construction of a subway from University City to the heart of St. Louis. A reasonable estimate based on the testimony of expert witnesses before the Ashbrook Committee and at Lewis' two trials, of these added losses, would at least equal the total property values destroyed. Upwards of twenty millions of actual and potential values have been wiped out in this unholy war!

VICTORY IN DEFEAT.

As one reviews thus in imagination the activities whereby the Lewis enterprises have been slowly, steadily, implacably stamped out of physical existence, he cannot fail to be struck by the contrast between the attitude of the little group of destroyers and that of the great masses of investors in these industries. The former may now be dismissed from our thoughts. The self-denial, faith, loyalty, constancy and courage of the latter are beyond all praise. Their support alone could have heartened Lewis throughout the unequal contest by which, at length, he has plucked the substance of victory from the semblance of defeat. Could the destruction of University City have been accomplished before a congressional investigation was instituted, it seems most unlikely that, in the light of what has been done to Lewis, any other citizen would have ventured to oppose the steadily growing extension of the like bureaucratic methods against freedom of individual initiative and of the press. Nor is it probable that another such unique personality would have soon arisen capable of assuming the leadership of a popular movement to that end.

Now that the full story of THE SIEGE OF UNIVERSITY CITY has been spread upon the pages of the official record, and presented to the world in the present volume, the complete victory of the principles for which Lewis and his followers have contended is inevitable. The report of the Ashbrook Committee and the ensuing action of Congress will unquestionably interpose an effective barrier

against future abuse by the Postoffice Department of administrative power. The decision of the Court of Claims may be safely relied upon to do tardy justice to the aggrieved investors.

The true issues at stake throughout this controversy have been principles, not personalities. The abuse of power and misuse of official authority, of which sundry individuals have been guilty, are of public interest only as they disclose statutory defects which should be cured by remedial legislation. Yet there can be no doubt as to the manner in which the official conduct of the individuals primarily responsible for the consequences of the Siege ought to be characterized. It has been most reprehensible. Throughout these proceedings, the Federal officials concerned have arrogated to themselves individually the sovereignty of the American Nation. They have been unmindful of the wholesome democratic doctrine that public officials are not the masters, but the servants, of the people. They have been forgetful of the principle embodied in Lincoln's immortal Gettysburg address that the fathers gave their lives "that government of the people, by the people, for the people, shall not perish from the earth." The initial phrase of the Federal Constitution itself, "We, the people of the United States," has been suffered to fade from their recollection. Drawing about themselves the mantle of their own self-righteousness, they have assumed the attitude that Lewis' criticisms of the administration of government, and the conduct of sundry public servants therein, were tantamount to a treasonable or "anarchistic" attack upon the Government itself. However much we may seek to place ourselves at the point of view of former President Roosevelt, Postmaster-General Cortelyou and their associates and successors in the last two Federal administrations, we must conclude that their official acts and attitude in the cases of the People's Bank and the Lewis Publishing Company are indefensible. Though we should assume that every member of the Federal Administration, from the President down, believed himself to be actuated solely by motives of official duty or even inspired in his attitude toward this case by the loftiest patriotism, we must adjudge them guilty, in these matters, of official malfeasance. Nor can we regret that, while University City has been sacrificed, the cause for which the postoffice inspectors and their superiors have contended, is forever lost. The Congress of the United States will indubitably pass such remedial legislation as will curb the power of the Postoffice Department to investigate and destroy private enterprises and individuals. It will largely modify or eliminate the fraud order process. It will safeguard the periodical publishing business from the exercise by the postmaster-general of arbitrary and despotic power.

Viewed from another standpoint, that of absolute justice, and judged simply by its results according to the standards of common sense and ordinary intercourse among men, The Siege of University City must be regarded, to borrow the language of Lafcadio

Hearn in a somewhat similar relation, as "a crime against humanity, a labor of devastation, a calamity comparable only—by reason of the misery and destruction which it wrought—to an earthquake, a tidal wave, a volcanic eruption."

The Siege of University City is over. The long fight which Lewis has waged for the protection of his investors is a lost cause. Yet the blood of martyrs has ever been the seed of the church. The optimistic Irish have a proverb which says: "God niver closes one dure without opening anither." Peace has been declared. Lewis is still at large. Though penniless, he has once more become a publisher. He has again devised a unique plan which bids fair to rank with his former marvelous insights into the springs of confidence which bring about co-operation among men. The American Woman's League and the People's University have survived the period of storm and stress. Through future years of peace, they may yet revive, and in due course exceed, the measure of their early prosperity.

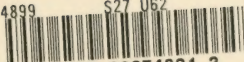
THE AMERICAN WOMAN'S REPUBLIC.

Finally, Lewis has projected, in the American Woman's Republic, an instrumentality for enabling women to perfect themselves in the manipulation and control of the machinery of government against the day of triumph for the cause of equal suffrage. The little Woman's Magazine numbers among its children, not only the People's Bank, but also the League, the University and the Republic. Among all these the child of greatest promise, in Lewis' opinion, is the latest born of his progeny, the Republic itself. The most priceless legacy to Lewis, from the stormy thirteen years since he became a publisher, is his absolute and unswerving confidence in womankind. His former relation as editor of publications, for women, enjoying the largest circulation in the world, and his more recent leadership in promoting the organization of many thousands of women along definite lines of activity, have given him exceptional opportunities to judge their qualifications and capacity to deal with large affairs. The assaults that have been made upon him, while acting in this relation of leadership, have enabled him to observe the behavior of organizations of women under fire. Upon the basis of this experience he has formed the deliberate judgment that the women of America should immediately organize for themselves a practical governmental machinery, both as a means of familiarizing themselves with the forms of government and also as an agency whereby to achieve their ultimate enfranchisement. It has become, withal, a cardinal doctrine of faith with Lewis that, granted the right of suffrage, the united influence of the women of America will array itself at the polls upon the side of truth and justice and in opposition to such iniquities as have been revealed in THE SIEGE OF UNIVERSITY CITY.

THE END.

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